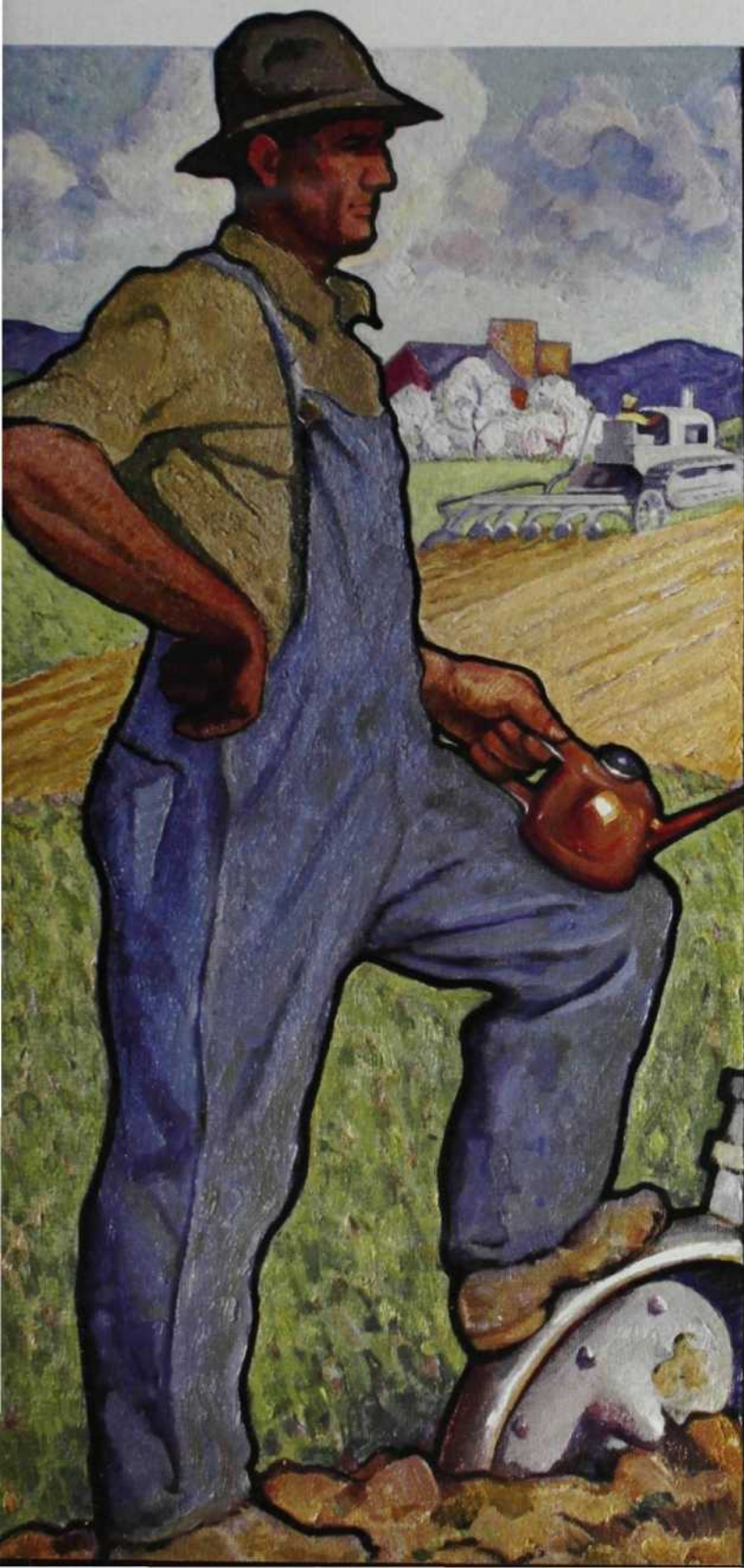


# NATION'S BUSINESS



MAY • 1932



## Depression Makes New Business Rules

Jesse R. Sprague

Page 17

Raymond Willoughby

Page 34

## Three Articles on Tax Reduction

What Can Be Done

Page 25

What Has Been Done

Page 37

Why Little is Done

Page 31



PUBLISHED BY THE  
U. S. CHAMBER OF COMMERCE  
MERLE THORPE, Editor







Don't remove the moisture-proof wrapping from your package of Camels after you open it. The Camel Humidor Pack is protection against perfume and powder odors, dust and germs. In offices and homes, even in the dry atmosphere of artificial heat, the Camel Humidor Pack can be depended upon to deliver fresh Camels every time

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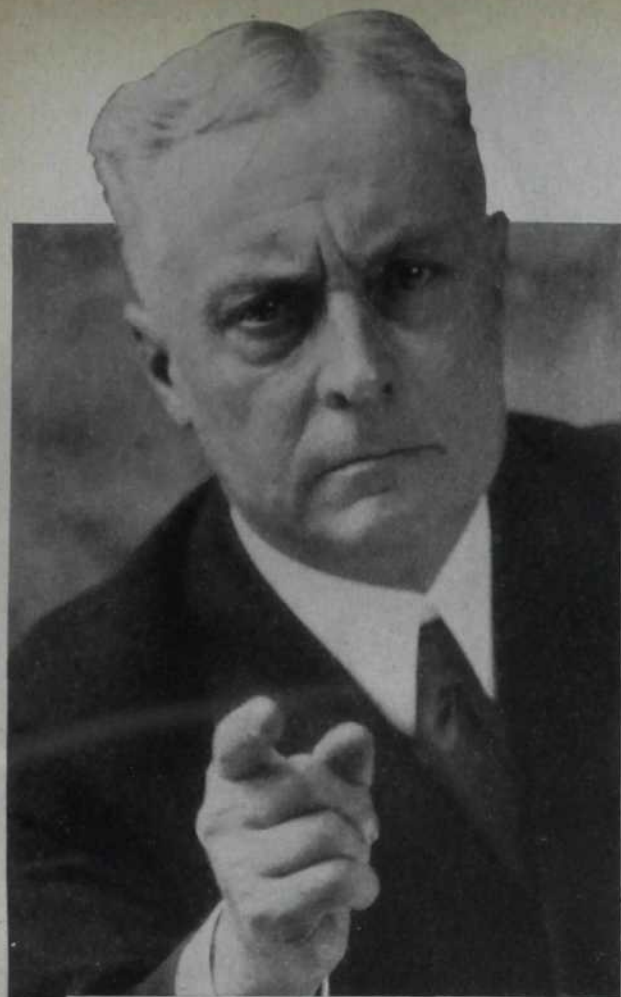
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NB 5-32

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- ☐ Purchase
- ☐ Stock Keeping
- ☐ Production
- ☐ Personnel
- ☐ All Departments



An eagle with detailed feather patterns is perched on a branch with several leaves. In the lower right, an oval frame contains a black and white photograph of a Mimeograph machine, showing its rollers and paper feed mechanism. Below the oval is a rectangular text box with a decorative border.

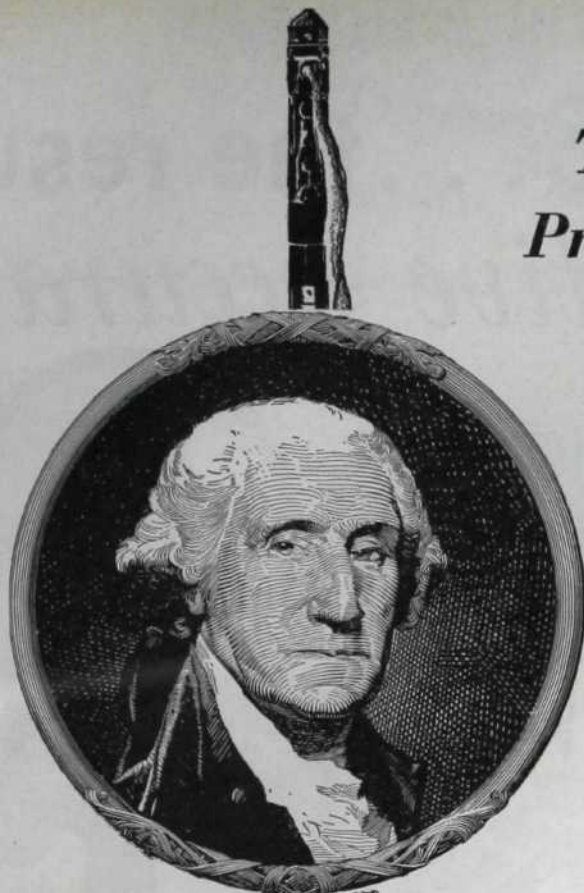
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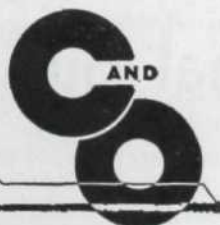
**FROM THE WEST  
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" Louisville ..... 1:00 PM  
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Ar. Washington ..... 8:30 AM



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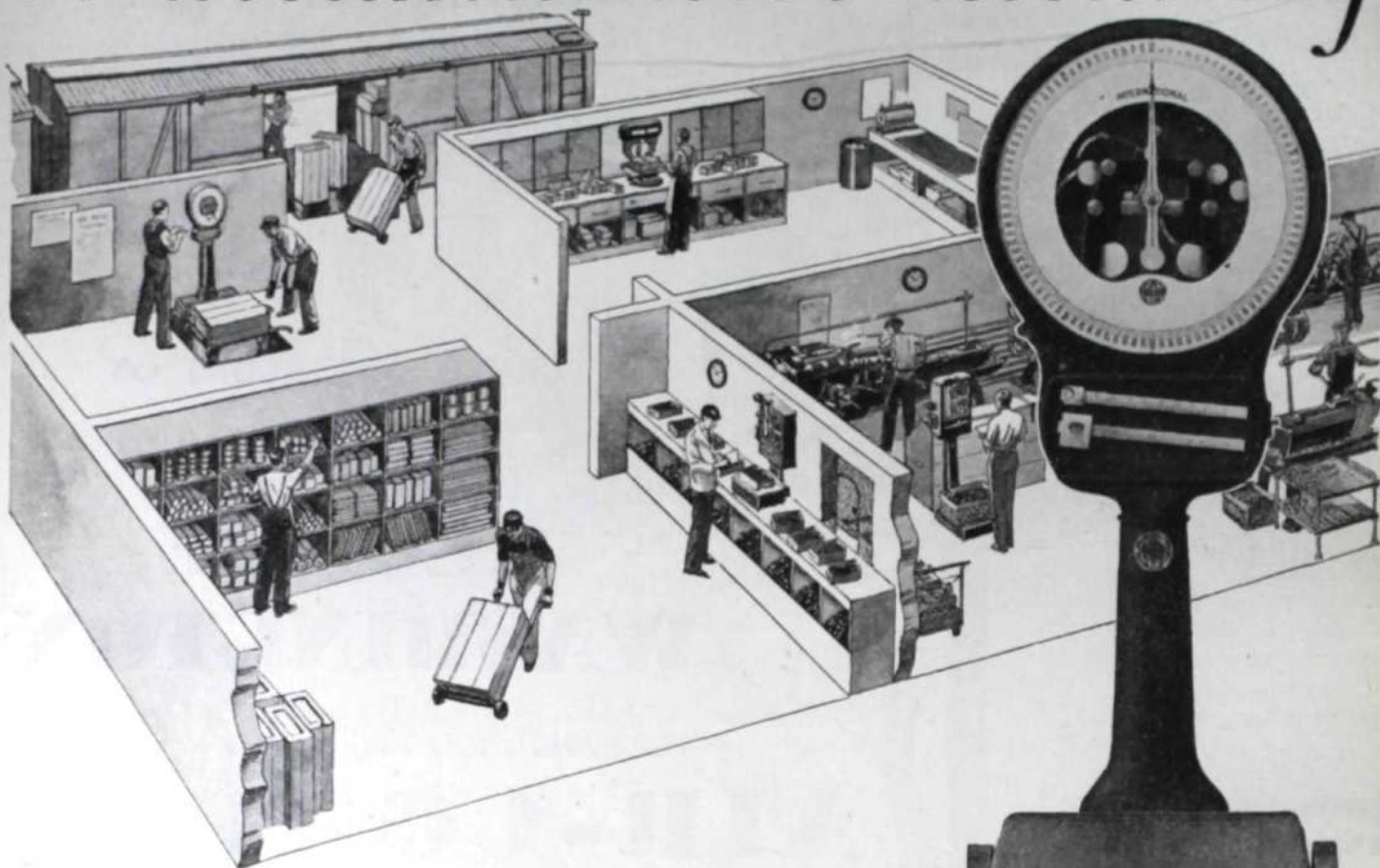
Lv. Wash'g'n (EST) 6:01 PM  
Ar. Cincinnati ..... 8:45 AM  
" Louisville (CST) 10:59 AM  
" Indianapolis..... 10:40 AM  
" Chicago..... 3:00 PM  
" St. Louis..... 4:15 PM

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ALL PRINCIPAL CITIES OF THE WORLD



# NATION'S BUSINESS for May

VOLUME 20



NUMBER 5

## CONTENTS

### Efficiency

Business tends to localize during a depression. It also has other characteristics that are vastly different from those of boom times. Some of these characteristics are listed in the article beginning on page 17. Jesse Rainsford Sprague, who wrote this article, interviewed a large number of business men on the subject, "How can business earn profits on two-thirds of the 1929 volume?" Their answers show an interesting cross-section of present-day conditions.

### Tax Reductions

The nation is being told that it has a serious tax problem and it is indicated that business men should do something about it. Most of those who urge action are indefinite as to what this action should be. We asked Morris Edwards to answer this question, "What can the ordinary citizen do about his tax bill?" In an article beginning on page 25, he outlines some of the things that you and I can do to stop government extravagance.

### Survey

As reports of business in 1931 come in they reveal a new national state of mind which commerce and industry must take into account if profits are to result. Raymond Willoughby discusses this state of mind and its implications beginning on page 34.

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### Chain Stores

When the sheep ranchers of the West found themselves in a critical situation, they turned for help to an old friend who heads a chain-store organization. Their need and his course in coming to their aid open up a whole new field of service for the large organization. The story begins on page 28.

### Economy

Where does it begin and end? Some illuminating sidelights on this subject as revealed in congressional debates will be found on page 31, together with a hint as to where the blame for expensive government service lies.

### Change

A score or so of new developments which promise greater efficiency in old industries or the birth of new and competing industries. Page 30.

### And Also

Willard M. Kiplinger's Washington letter; Malcolm C. Cutting's description of a taxpayers' campaign which reduced local expenditures in Minnesota nearly \$8,000,000; Confessions of a Capitalist; a description of a new industry which bids for the job of leading business out of depression; Things Talked about in Wall Street, and other features.

MERLE THORPE, Editor and Publisher

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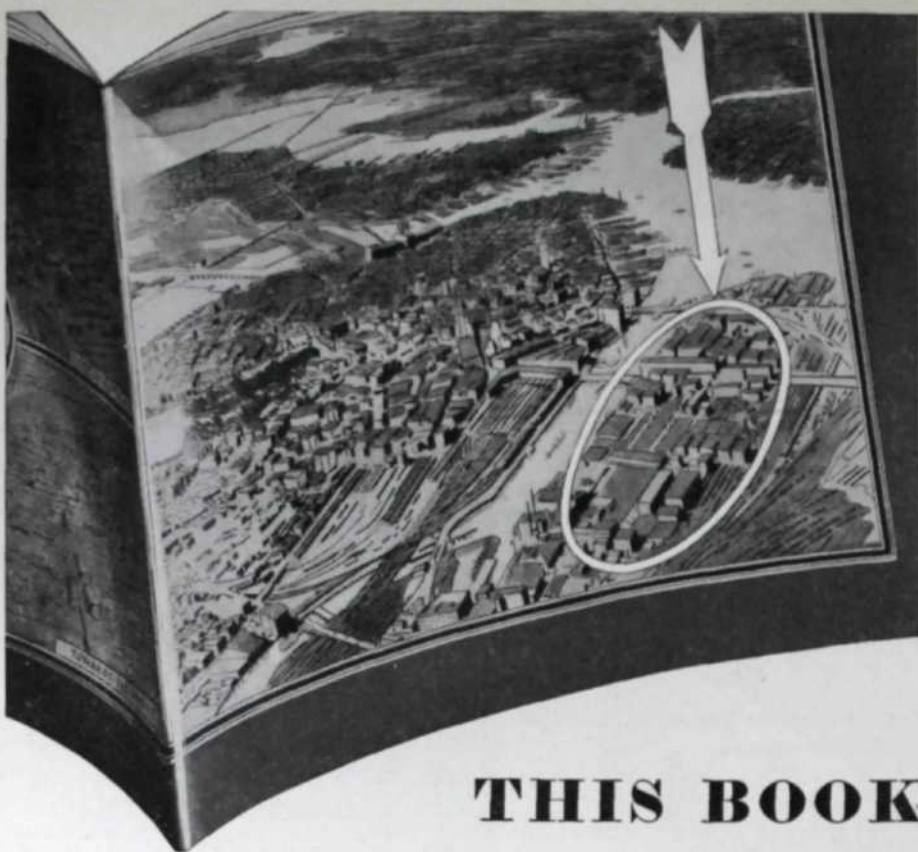
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Building. As the official magazine of the Chamber of Commerce of the United States this publication carries authoritative notices and articles in regard to the activities of the Chamber; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers.

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Send now for this sixteen-page illustrated booklet which gives you the facts about the rich, compact New England market and the most profitable way in which to reach its eight million consumers.

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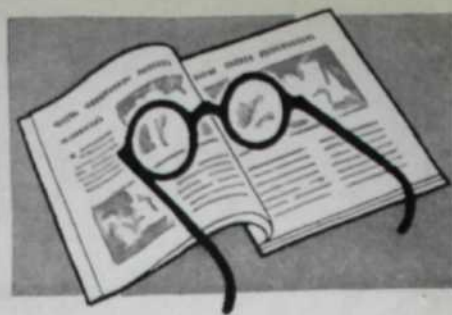
Industrial Service Department NBM  
Boston Wharf Company, 259 Summer St., Boston, Mass.  
Please send me booklet describing your  
property and its advantages.

**CLIP THIS COUPON  
FOR LARGER PROFITS**

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Company and Address \_\_\_\_\_

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## Through the EDITOR'S SPECS

THE Plain Talker dropped in the other day after a long absence. When I asked him to explain he said:

Well, I'm finding out what some folks down here in Washington don't seem to know, that business is made up of a lot of little things and that the difference between red ink and black lies in finding which of the little things you can do without.

We've all been surprised in my business how much we could do without. Lots of things that we thought were signs of progress were just extra costs when we came to look into them. I suppose I was just as bad as any of 'em and when the boys told me that house folks wouldn't think well of the firm if they lived cheap when they were away from home, I believed 'em.

But, Lord A'mighty, they've changed some now and they've been game about it too. They're just as eager as I am to make a little money. I'm getting hand-written letters from them now where they used to send 200 word night letters or at least hire the hotel stenographer.

Oh, I expect to walk through a sleeper some morning and see a salesman crawl out of an upper berth!

And that's what's getting me sore about some things I read of the impossibility of making any real savings in government. They keep saying: "Well, that would only lop off a hundred thousand or so and what's that in a budget of four billions. 'T ain't really worth doing."

Well, if you can save ten of those hundred thousands you've got a million and if you cut a hundred million off the budget you've saved 2½ per cent and if you'll show me how to save 2½ per cent in my business I'll say "thank you."

IF MORE of us had the courage to handle government questionnaires as Mr. M. P. Vore, Jr., Secretary & Treasurer of the Republic Flow Meters Company, of Chicago, did recently, we should be bothered with less of them.

The Personnel Classification Board had sent out its regular questionnaire and also the 189-page book "Salaries for Routine Clerical Work in Private Industry, 1929." Mr. Vore replied:

"This Company regrets that it will be



# Men who "know it all"

## are not invited to

## read this page

**T**HIS page is not for the wise young man who is perfectly satisfied with himself and his business equipment.

It is a personal message to the man who realizes that business conditions have radically changed in the last few years, and that there is a whole new set of rules to be mastered. He feels that he ought to be earning several thousand dollars more a year, but simply lacks the confidence necessary to lay hold on one of the bigger places in business.

We should like to put into the hands of every such man a copy of a little book that contains the seeds of self-confidence. It is called "What an Executive Should Know" and it will be sent without obligation.

It contains the Announcement of the Institute's new Course and Service for men who want to become independent in the next five years. Among the contributors to this new Course are:

ALFRED P. SLOAN, JR., *President*, General Motors Corporation.

FREDERICK H. ECKER, *President*, Metropolitan Life Insurance Company.

HON. WILL H. HAYS, *President*, Motion Picture Producers and Distributors of America, formerly U. S. Postmaster General.

BRUCE BARTON, *Chairman of the Board*, Batten, Barton, Durstine & Osborn, Inc., Advertising Agents.

DR. JULIUS KLEIN, *The Assistant Secretary*, U. S. Department of Commerce.

JOHN T. MADDEN, *Dean*, School of Commerce, Accounts and Finance, New York University.

HUBERT T. PARSON, *President*, F. W. Woolworth Company.

M. H. AYLESWORTH, *President*, National Broadcasting Company.

THOMAS J. WATSON, *President*, International Business Machines Corporation.

DEXTER S. KIMBALL, *Dean*, College of Engineering, Cornell University.

Can any ambitious man fail to get something of value from contact with minds like these? Here are a few examples, selected from many hundreds, showing how this organized knowledge is translated into added earning power:

CASE 1. Works Engineer, salary \$6,000; now Vice-President and General Manager, salary \$18,000.

CASE 2. Local Manager at \$5,200; now Regional Manager, salary \$15,000.

CASE 3. Production Manager, salary \$6,000; now President, salary \$21,600.

### Send for this Booklet

For the man who is perfectly content with himself and his job, the Alexander Hamilton Institute can do nothing. But there are thousands of men who could double their incomes if they believed in themselves and had the solid business knowledge to back up their belief.

Why not investigate *now*? The booklet pictured at the left costs nothing and places you under no obligation.

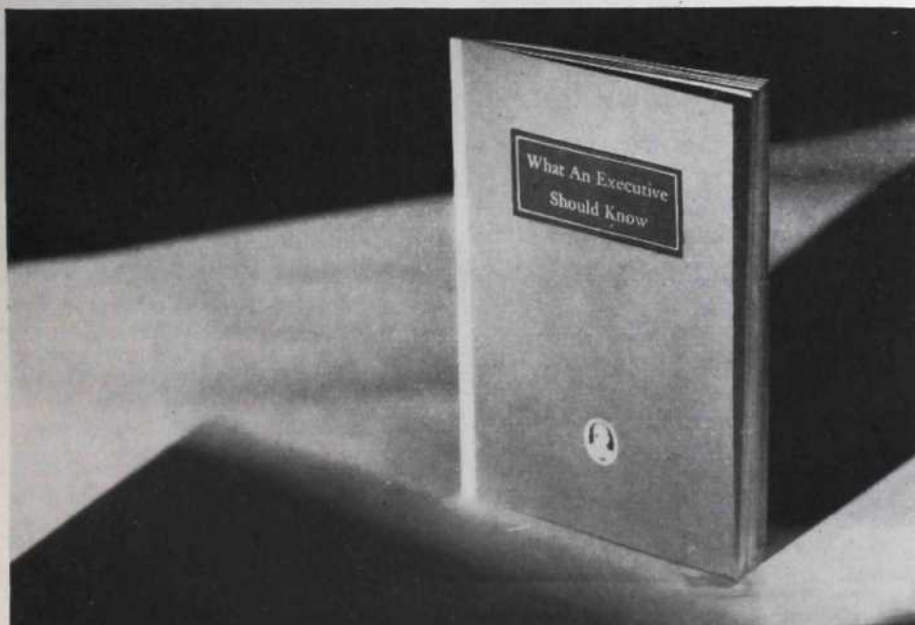
To the Alexander Hamilton Institute, 634 Astor Place, New York City. (In Canada, address Alexander Hamilton Institute, Ltd., C. P. R. Building, Toronto.)

Send me "What an Executive Should Know," which I may keep without charge.

NAME \_\_\_\_\_

BUSINESS ADDRESS \_\_\_\_\_

BUSINESS POSITION \_\_\_\_\_



## For the Man who wants to be Independent in the next 5 years

**T**HE little book pictured above should be read by every man who expects to win a secure place for himself in the next five years. It explains some of the changes which are taking place in the business world today. It tells

how you can equip yourself to take your place in the new business structure with confidence and increased earning power. It contains the condensed results of 20 years' experience in helping men to forge ahead financially.



# A family of famous foods presents its annual report



THE GROUP of nationally advertised products which comprise the General Foods family enjoyed a relatively successful year during 1931.

This fact is a tribute to the stability of the food industry, America's largest business. It also shows the advantages, both in production and selling, which come from grouping products distributed through identical channels. It shows the stabilizing effect resulting from the development of a merger of the General Foods type.

The story of General Foods' activities during 1931 is told in the Company's Annual Report. This report, originally prepared for distribution to the company's 53,000 stockholders, is now offered to the public in booklet form. A written request from any interested person will bring the booklet free.

## GENERAL FOODS

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NEW YORK CITY

*Maxwell House Coffee and Tea, Log Cabin Syrup, Jell-O, Certo, Postum, Post's Bran Flakes, Calumet Baking Powder, Walter Baker's Chocolate and Cocoa, Franklin Baker's Coconut, Minute Tapioca, Grape-Nuts, Sanka Coffee, Swans Down Cake Flour, Post Toasties, Satina, Birdseye Frosted Foods, La France, Diamond Crystal Salt, Whole Bran.*

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impossible to co-operate with you in the filling out of this year's report for the following reasons:—

1. Due to difficult and troublesome conditions applying at the present time, our clerical staff and our hours have been reduced to the lowest possible minimum for the purpose of carrying on the necessary routine work in connection with the actual business needs of this company.

2. This Company believes that information contained in the report is not useful to industry, because of the considerable lapse of time between the filing of information by industry and the publishing of the report by the Bureau. This Company also believes that salaries for routine clerical work are purely a matter of local conditions and that information pertaining to them in any area can be more economically and efficiently obtained through local industrial organizations than from the Government itself.

3. This Company believes that the activity of the Government in this connection should be curtailed, to the end that taxes may be reduced, as the cost of obtaining this information is out of all proportion to the benefit derived by the taxpayers in general."

Since the above was written, a letter has come in from Mr. Evans F. Stearns, Vice President & Treasurer of The Stearns & Foster Company, of Cincinnati, informing us his company had likewise declined to fill out the questionnaire on the ground that they could not at this time "call anyone away from *necessary productive work* to compile the data for which you ask." (The italics and approbation are the editor's.)

A NEWSPAPER editor in the State of Washington wrote me that some of the citizens of his community were opposing a new post office on the ground that the town did not need it and therefore should decline the federal appropriation. His idea was that something should be said about this novel situation in NATION'S BUSINESS. I agreed, and told him so. But the business men of his town did not see eye to eye with him. His next letter explained the difficulty. He wrote:

"You would have been interested in our discussion before our Chamber of Commerce for it revealed a lively interest and concern over the Federal expenditures. But the old argument, 'If we don't get it from the Federal Treasury, somebody else will' wrote 'Finis' and we were voted down. So there is no article for you!"

And that is the way we close so many of our pleas for economy in government. We convince ourselves that extravagance is the other fellow's doing. What we urge, we say to ourselves, is for the good of the order.

We, the people, constitute the greatest hindrance to sizable savings in offi-



cial expenditures. No man remains long in public office without remarking our perverse mental complex which commends public thrift and yet applauds lavish spending.

♦  
REPRESENTATIVE James M. Beck, in discussing the growth of government, says, "There is nothing so discouraging as the fatalistic inertia of democracy. It seems to have lost its instinct for resistance."

And Senator Borah believes that the only way bureaucracy can be checked is "by thoroughly aroused and sustained and angry public opinion."

It remains to be seen whether we have lost the will to resist and have become so soft that we cannot become angry, even indignant any more.

♦  
MR. CLYDE H. PORTER, of Playfair Farms, Armstrong, Mo., writes:

As one who has been a reader of NATION'S BUSINESS for a long time . . . I want to ask a personal question. I have a boy who is now a freshman in college. I am advising him to fit himself for government employment. . . .

I tell him that since government activities in America cost between a fourth and a third of our national income, and since only one-ninth of the employed work for government, his chance of a good income is better as a government employee than any place else. I tell him I expect Government to take over most all business in the next 20 years so he can fit in anywhere he wants to.

In reply I quoted a former Cabinet member, who told me recently that he was going to raise his boy to be a government employee. He said:

It will be the biggest industry, and provide the greatest opening for a young man, ten or 12 years from now. I do not want him to be a clerk—that would limit his future. I want him to choose the work that he likes best, and he can find that work in the government service. If he has an aptitude for pedagogy, or printing, operating a barge line, or making bindery glue, running hotels or hospitals, farming, manufacturing or plumbing, in short, for almost any field of human endeavor, he will find the Government engaged in that work.

♦  
THE campaign against hoarding is a campaign against mob psychology led by ignorance. Typical of this ignorance of banks and banking is the case of the woman—it might have been a man—who got a certified check for the amount she had in the bank and serenely placed it in a safe deposit box.

# SECURITY



## "NO SIR! THERE'S NOT A SINGLE WORRY LEFT IN MY LIFE"

"As a matter of fact I have enjoyed a feeling of security for the last twenty years. Today I receive my first monthly income check from the Equitable, and each month for the rest of my life I will receive a similar check. You ask me if I am concerned about the future! From the time I adopted this Equitable Plan, I have experienced—

"The comforting assurance that my family would not be without an income if I should be lost to them.

"The pleasure of looking forward to a guaranteed retirement income for myself.

"The relief of knowing that an income would be paid to me had I become disabled.

"The sense of financial security, guaranteed by a Billion Dollar institution."

A new descriptive booklet, "Build for the Future," outlines the Equitable's Income Plans. Copy sent on request.

## THE EQUITABLE

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THOMAS I. PARKINSON, PRESIDENT

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# How is the road to S T . T R O P E Z ?

*Is it good for motoring? . . . What's the best hotel there, and what are the rates? . . . Where can I get gas along the way?*



LONG before you even begin to pack your bags, every last detail of your summer's trip to France can be smoothly planned. Why learn by experience that certain roads and hotels are better than others? It spoils your trip and wastes precious moments of glorious vacation.



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This summer, book via the French Line for either Plymouth or Le Havre. You'll find a most congenial company aboard. English-speaking stewards will serve you. You'll enjoy the truly Continental atmosphere, the superb French cooking, the comfort and entertainment; and (if you wish) you can take your car abroad with you at very low cost.

Sail away to vacation without a care in the world. All French Line express steamers carry First and Tourist Class at rates recently cut 20%, the lowest since the war! Let an authorized French Line agent make your arrangements, he will save you money. . . . The French Line, 19 State Street, New York City.

## French Line

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 ROCHAMBEAU, June 1, July 12 • PARIS, May 14, June 11, June 29 • FRANCE, June 16 

*When consulting a FRENCH LINE agent please mention Nation's Business*





## A Plague of Paradoxes

**I**N A world under the spell of a depression state of mind it is no novelty to find a philosophy distilled from the bleak notion that America's future is behind her. The people who are living in these times do not lack for occasion to grumble and complain. But the nobler aspects of the American character persist and give the prevailing tone to the national ordeal. The trouble is that we do not see our national trials in perspective. Nor do we have for present support the saving grace of proportion which time alone assures.

When the history of this period is written by men of later generations it will record a plague of political and economic paradoxes. Even in our day we are painfully conscious of distress and unemployment in the midst of plenty. But the pattern of history in the making is now too near to exclude the glowing heat of controversy and partisan passions. Light will come later. And calmer minds will weigh the welter of proposals put forward for the common good. The historian of 1980 will find our ideas everywhere in collision, and he will have reason to write that:

The American people contended for the public conservation of coal, oil, and timber, yet they complicated industry's own protective measures by antitrust laws. They argued for crop restriction in the face of new lands brought into cultivation by huge reclamation projects. They decried hoarding while raising the deposit limits of postal savings banks. They protested the high cost of getting goods from the producer to the consumer, yet found no inconsistency in putting a tax on the economies made by chain stores.

The Government spent years and millions of dollars on railroad valuation for rate making purposes while bus and truck competition were making the valuation valueless.

There were official statements to the effect that the Government owned no grain, yet Congress appropriated 40,000,000 bushels of wheat, in which it had no ownership. Political leaders demanded a balancing of the budget, and a week later asked for two billions for veterans on the plea that the pay-off would help business—the same reasons which were advanced for a former appropriation of a billion. Banks were roundly criticized for denying credit to the farmer, while the record shows at least five government credit agencies were publicly competing for agricultural loans.

It is difficult for the historian to reconcile the fact that the Federal Farm Board was set up with the definite reservation against competing with business agencies in its field, yet, within six months it had become their most aggressive and determined competitor.

For many years the chief executives and the Congress deplored the waste of overlapping functions and recommended reorganization of rapidly growing bureaus, yet each specific proposal looking to such reorganization was effectively opposed.

Here, as in earlier depressions, there were hysterical charges that capitalism had failed, an emotionalism which forgot the great blessings conferred by such a system throughout the 150 years of America's national growth.

Yes, it would be very much worth while to know the rating that posterity will put upon our politics and our psychology. The paper aspects of this depression are voluminous. For our pride's sake we should like to believe that the historian would dig below the thick crust of official documents, reports, platforms, legislation and formalized opinions which so completely obscure the moral and spiritual contributions of "the average man" in his capacity as provider and citizen.

Perhaps the historian will end his chapter on this period—or will it be a page?—with something like this:

But, while political and economic leaders were discussing thousands of "plans" there was quietly at work in a million homes, business houses and corporations the real leaven of American individual responsibility, a trait, as we have pointed out again and again, peculiar to America. Affairs were readjusted each in their own way, to the end that stability and confidence came—as we have noted in previous panics—unheralded; and within a short period the normal exchange of goods and services was resumed and the United States moved into another great era of prosperity. Spiritual forces were constantly at work and again, as in the past, brought the young western nation to an even keel. Common sense returned always in time to restore government to its proper place in the field of economics—and a renewed dependence upon, and respect for, individual responsibility and action.

*Merce Thorne*



# The PUDDLER widens his market with Westinghouse motors

WROUGHT iron's production unit, until about a year ago, was the "puddle ball"—250 pounds of glowing iron and slag kneaded through its fiery bath by a pair of brawny workers. Today it is possible, in a 900-ton press, driven by ingeniously controlled Westinghouse motors, to work up 3000 pounds at a time into a rectangular bloom for the rolls.

Thus wrought iron has been given an extended field of application, for as production advantages grow, markets widen. This is the history of the steel industry, the automotive industry, the electrical industry — every industry. It promises to be the history of wrought iron manufacture. And in this field, as throughout all industry, electrical equipment is an indispensable part of the process improvement which helps make lower costs and wider markets possible.

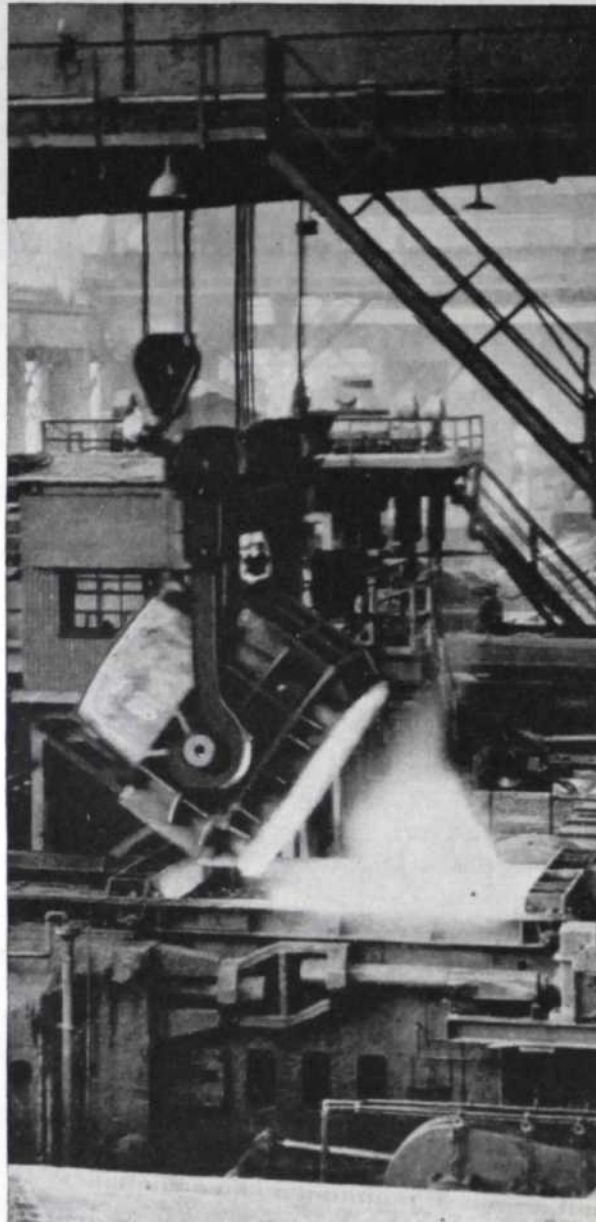
The contributions of Westinghouse to this development are typical. Working with the engineers of all industry, as it has with those of the wrought iron producers, Westinghouse makes its service available

to thousands of industrial organizations . . . wherever executives are aware that to meet today's competition every advantage which modern electrical science provides must be utilized.

In research, design, manufacture, and distribution Westinghouse covers the entire field of modern demands for electrical equipment.

Homes, farms, mines, factories, offices, stores, transportation, and electric power production—these gigantic markets each year absorb millions of dollars worth of new Westinghouse apparatus.

WESTINGHOUSE ELECTRIC  
& MANUFACTURING CO.  
EAST PITTSBURGH, PA.



HIGHLIGHTS ON WESTINGHOUSE AND ITS PLACE IN GIANT MARKETS



Molten iron, poured into a bath of ferrous silicate, and then "squeezed" in a 900-ton electrically driven press, gives new advantages in wrought iron manufacture.





# NATION'S BUSINESS

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MERLE THORPE, Editor

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VOL. XX No. 5

## As the Business World Wags

THUS WE MAY SEE, QUOTH HE,  
HOW THE WORLD WAGS—*As You Like It.*

### The Budget Must Be Balanced



THE tax bill passed by the House had few friends—tax bills rarely have.

It has gone to the Senate where it will be subtracted from and added to, where clauses will be cut out and substitutes put in. It will go to a conference committee where it will be remolded.

What the final bill will be like no one can say, but there stands out of the whole tangle over sales tax, stock tax, excise tax and every other sort of tax, over which the House wrangled and argued and voted, the fact that the House of Representatives *did* seek to balance the budget.

Why balance the budget? Plenty of men have been ready to answer that question by saying:

"There is no real need of balancing the budget, at least at this time. In the War, and we are now going through a greater crisis than the War, we borrowed up to 26 billions and the country pulled through. The Federal debt is now only 18 billions so why be disturbed? Let's go on borrowing and spending until 'good times' return. It'll help business."

Specious, dangerous reasoning. Governments like individuals, if they would keep their credit good, must show that essential basic honesty of purpose which is indicated by living within one's means.

War times are times of emergency when budgets can't be balanced and borrowings must be made. No one blames a man who borrows to pay the surgeon who will save his wife's life. But what of the man who borrows because he's got used to spending?

### The Good Faith Of All Of Us



FAITH, confidence, credit—these are as necessary to the nation as to the individual.

Those who would have this nation take the easy road and who tell us that we need not be gravely concerned over bal-

anced budgets pooh pooh the idea that the credit of the United States can be undermined.

They forget that vast quantities of American government and other securities are still held in Europe—an estimate not long ago was of \$7,500,000,000. What would be the result of Europe's losing faith in us and trying to unload these securities?

A raid on the dollar such as we have never yet seen would result.

Great Britain, France, Germany, Italy have seen too closely the evils of unbalanced budgets and depreciated currency, not to grow uneasy about the credit of the United States, if it does not take steps towards a balanced budget.

Europe saw the mark disappear, the franc and lira shrink to a fraction of their one-time value, the pound battle and battle in vain to keep its head above water. It would not take much to break Europe's faith in the dollar.

An unbalanced budget means a doubtful dollar!

### Our Governmental Credit Standing



THE preachers of borrowing and spending, as against thrift and saving by the Federal Government, tell us to look at the war-time borrowing if there is any worry about the government ability to plunge further into debt and still swim out.

No one doubts that great further borrowings could be made if it were necessary. No one thinks that Uncle Sam's credit is exhausted but while we're looking at the war-time figures, let's look at another set, too.

In 1919, the national debt was at its peak, \$26,000,000,000 and the state and municipal debts were about \$4,000,000,000, a total of \$30,000,000,000.

In 1929 the national debt was at its post-war low, \$16,500,000,000, but the state and municipal debts had climbed to \$13,500,000,000, a total of \$30,000,000,000.

In 1931 the national debt had again moved up to nearly \$18,000,000,000 and the state and local debts probably to \$13,500,000,000.

So, as a whole, the citizens of the United States are



further in debt than they were when war borrowings reached their height.

### Business Must Do Without



we must face new taxes, taxes which most of us will pay out of depleted incomes.

But must the taxpayer do it all? Must we give heed to those who cry out that every department, every bureau, every activity of the Federal Government is sacrosanct and to reduce its personnel or its appropriations would bring us to ruin?

It is the considered judgment of a committee of the United States Chamber of Commerce that Congress "should determine the feasibility of a reduction of Federal expenditures by at least \$500,000,000."

A difficult goal but not an impossible one if business men and good citizens generally will heed the resolution of the Directors of the National Chamber which said:

Every economy should be put into effect. Drastic cuts in government expenditures can and must be made. Such reductions depend upon the readiness of everyone to forego special interest in appropriations. Supporting Congress in reducing total expenditures means supporting Congress in reducing particular expenditures.

To balance the budget under present conditions requires not only the strictest economy in expenditures, but additional taxes carefully framed.

We appeal to business men everywhere to abstain from critical objections, to manifest their willingness to aid Congress in this problem. This emergency calls for placing the national welfare above all other considerations.

### What Price Price-cutting?



force the men from whom they buy to bid, one against the other.

Who's to blame? The buyer who wants the lowest price he can get and hopes by cutting his price in turn to get more business? Or the seller who grasping at straws feels that any sort of business, even business done at a possible loss, is better than a closed factory?

The trade associations are taking a lively interest in the subject but for the most part their chief remedy is to point out that such "destructive buying" is dangerous to both buyer and seller.

The Steel Founders' Society of America recently sent out a letter to its members saying:

Their attention should be called to the men who have been thrown out of work, the salaries that have been cut, the companies who are on the verge of bankruptcy, because of profitless buying which automatically kills the ability of the public to satisfy its wants. These wants are piling up and only need employment and income to be released in a tidal wave of orders.

We must urge all executives to end this orgy of profitless buying and take out of the hands of their purchasing departments the determination of their business policy from one of "Beat them down" to one of "Live and let live." We are in a period where men must forget somewhat their own selfish viewpoint and do everything they can to help the general situation. By so doing they help themselves.

TAX and save is the way to balance the budget. We can't cut our spending down as fast as we are losing revenue, because of depleted incomes and lowered imports. So

Admirable in principle, but what if the purchasing department by buying cheaply from the foundryman is able to keep *his* factory open and *his* workmen employed. In times like these it is hard to avoid the "selfish viewpoint."

The automotive industry at this moment is making desperate efforts to awake the public buying power. Price is one of its appeals. How much of that price depends on hard bargaining with the men who supply materials?

### The Creator of Mass Production



WHEN the economic history of the last fifty years is written George Eastman will have a large place in it.

He took a scientific instrument and made a plaything of it. He taught the world a new word, "kodak;" he made the phrase, "you press the button and we'll do the rest," familiar in every land and every language.

As his production of cameras went up, his prices went down.

He created a demand and then filled it.

Much of the credit for developing mass production that the world gives to Henry Ford really belongs to George Eastman.

Professor E. R. A. Seligman of Columbia has said of him:

So far as we know Mr. Eastman was the first manufacturer in the United States to formulate and to put into practice the modern policy of large-scale production at low costs for a world market, backed by scientific research and advertising.

### Minorities Make Discussions



MAJORITIES make decisions and choose our officials but at least minorities may provoke discussion.

The Supreme Court decided the other day that Oklahoma could not declare the business of manufacturing ice a public utility and prevent an individual from engaging in that business without a certificate of public use and convenience.

The majority deciding the law said:

The opportunity to apply one's labor and skill in an ordinary occupation with proper regard for all reasonable regulations is entitled to protection.

Justice Brandeis wrote a minority decision twice as long as the majority's and it got twice as much publicity because he discussed the whole question of economic planning and said:

There must be power in the states and the Nation to remold, through experimentation, our economic practices and institutions to meet changing social and economic needs.

The Interstate Commerce Commission also divided the other day, the majority holding that the New York Central must buy the Boyne City, Gaylord and Alpena Railroad, a little Michigan line.

But the minority had this significant thing to say about railroad consolidations:

We are charged with a duty to maintain an adequate national transportation system. We do not help to maintain such a system



by saddling on an existing carrier a substantially defunct property requiring not only initial expenditures to acquire but constant operating losses thereafter.

### No Fixed Costs In Government



THOSE who would cut down the costs of Government are met constantly by the assertion:

"Oh, there's no use bothering, 85 per cent of Government costs are due to past and future wars and you can't cut that."

Nonsense! The figure of 85 per cent is a vague and doubtful one. Sometimes it's put higher and sometimes lower. None of us knows exactly what it is. There is reason for putting it as low as 55 per cent.

Pensions and veteran relief are a cost of past wars. So far as they are an accepted obligation of the Government they must be met. But is there any reason why they should be wastefully administered? Is there any reason why we should not use caution and carry out justice in making new obligations?

Payments of interest and retirement on the public debt are largely a cost of past wars. They must be met.

The cost of the army and navy we are charging to future wars. Granting need of keeping these forces, is that any reason why the money necessary for these purposes should be spent wastefully? Let's not call any expense of Government untouchable!

### We Need More Followers



TO NELSON GASKILL, once a Federal Trade Commissioner, now practising law and acting as legal adviser to trade associations, we are indebted for a useful word.

He says that with all the talk of leadership, and all the outcry that business leadership has failed, what we really need is "followership."

In a thoughtful letter of comment on present conditions of business, Mr. Gaskill says:

Leadership implies "followership" which means the capacity to understand and the willingness to accept the displacement of a prior concept by a new idea. Without this quality of "followership," leadership fails as an inducement to concert of action. Any movement toward concert of action must arise from and seek to displace a diversity of action which is founded upon a conviction of diversity of interest. I am inclined to think that it is our extreme individualism which makes "followership" so difficult for the average business man. The interdependence which specialization creates is new. The idea of separate, antagonistic self-interest is old and deeply ingrained. It requires considerable intelligence of an individualistic business man to realize that his self-interest is dependent upon the degree to which a common interest is served. Many are incapable of it.

Certainly the ability to make sacrifices for the common good is an essential of successful trade association work. We do need "followership" as well as leadership. We're grateful for the word.

### Business Ideas From Outside



COLLEGES have exchange professorships. Heidelberg sends to Harvard a leader in thought and Harvard responds by sending one of its best men in a kindred subject. An outside view is brought in.

Perhaps business needs something of the sort. Suppose General Motors said to International Shoe: "We'll lend you our sales manager for awhile if you'll let us have yours. There may be ideas in selling shoes that could be applied to selling motor cars."

The idea was suggested by a talk with an officer of a company who told us the other day that he had got some most valuable ideas on filing systems from an automotive engineer and that he had heard of another company which had engaged two men from quite outside their industry to work with their sales and advertising department.

Certainly we know that some of the best ideas that this magazine has ever had have come from business men who never thought of themselves as editors.

### "Taxpayers;" Not Government



WE heard the other day of a landlord who sent to his tenants bills made out somewhat in this form:

Rent	\$100
Taxes	25
	<hr/> \$125

An interesting idea which might help to bring home to the non-real estate owner that after all he doesn't escape the property tax.

A correspondent with a similar idea in mind writes;

Might it not, therefore, be the beginning of a wide movement if you were to ask for the substitution of the word "taxpayers" in place of "Government?" In other words, where an individual now says that the Government is going to do thus or so, he might, with more accuracy, say "The taxpayers are going to pay for this and that," "The taxpayers are going to build Boulder Dam," "The taxpayers may pay another two-billion dollar soldiers' bonus."

### Why and Why Not a Bonus



PRESSURE for anticipation of bonus payments to those who served in the World War grows insistent.

Predictions most commonly made are that the bill will pass the Congress and be vetoed by the President.

We are all inclined to discount predictions. Too many of us recall the Fall of '29 and the assurance from leaders in Government and business that the depression was only a temporary stock market setback. The bill may be nearer final enactment than most prophets think. The arguments for it are familiar: that it is merely anticipating a little, a Government obligation; that it will tide over thousands of men now unemployed until they find work; that it will put money in circulation and advance trade and industry.

A further argument getting unexpected support is that paying the bonus by an issue of some sort of greenbacks would be inflation and inflation just now would be a good not a bad thing.

Against these pleas for bonus payment, it is argued, that the debt is not due now; that the proposed settlement actually greatly increases the amount Congress had in mind when it passed the Act; that it would be most unwise to pay \$2,000,000,000 or so at a time when the Government's outgo is far greater than its income



and its borrowings are heavy; that previous experience with bonus payments did not indicate that they stimulated trade; and finally that inflation is a dangerous thing.

### The Case For Inflation



THE argument for inflation seems to run like this:

The dollar is too high. It takes a bushel and a half of wheat to buy a dollar, it takes 16 pounds of cotton and nearly 20 pounds of copper to buy a dollar. If we print more money, money will be cheaper and conversely wheat figures will advance and a bushel will buy the farmer two dollars. Also his fixed charges, the interest on his mortgages, etc., will become easily met with these low price half bushel dollars.

Many a veteran of the McKinley-Bryan campaign of 1896 will prick up his ears at this argument.

### Let's Make a Permanent Cut



BALANCING the budget isn't a matter of increasing taxation. It's a matter of reducing Government spending.

All kinds of proposals to reduce spending have been made, furloughs without pay for Government employees, salary reductions for everyone, reductions for the higher salaries, a five-day week for workers by the day, consolidation of bureaus, transfers of bureaus.

All worthy of earnest and honest consideration, but most of them lack something. They are temporizing. They look forward to resumption of the spending in some later and happier day.

What is needed is a definite lopping off of Government functions, a recognition that the Government is doing things that are not the business of Government, that should be left undone or done by the interests supposedly benefited.

### The Drop of Retail Prices



THE annual report of R. H. Macy & Company of New York and its affiliated stores in Newark, Toledo and Atlanta, for their fiscal year ended January 31 provides some

interesting figures on the drop in retail prices.

The number of transactions for the year lately ended was 60,981,164, an increase from 53,856,355 in 1930, or a little more than 13 per cent. Money totals for these transactions dropped from \$147,769,497 to \$144,611,817 a decline of a little more than two per cent.

In other words each transaction represented \$2.75 in 1930 and \$2.39 in 1931, a decline of 13 per cent which may be taken perhaps as some indication of the fall in retail prices last year.

The Great Atlantic & Pacific Tea Company's sales dropped in dollars and increased in volume. Sales of \$1,008,325,093 were 5.3 per cent below the \$1,065,806,885 of 1930. But the tonnage for 1931 increased to 5,565,000 from 5,191,000 the previous year. The prices

per ton, \$205 in 1930 and \$179 in 1931, show a decrease of 13 per cent.

### Competition Works Both Ways



SOMETIME ago there was wide discussion of the pipe line as a dangerous rival to the railroads. It was carrying and preparing to carry increasing quantities of petroleum

and petroleum products. In the hands of the railroads and private owners the thousands of tank cars made a sad picture.

Not satisfied with sending fluids through pipe lines speculators on the future of our carriers drew a picture of solids going through pipe lines while the railroads sank further into the depths.

Not all of which happened. In fact something very definite happened on the opposite side. General American Tank Car announced that it had ready a car for moving dry flowing solids in bulk. Such things as cement and sulphur and fertilizers can be shipped in bulk and no longer need be bagged or barreled or boxed.

Perhaps the railroads will be less worried now about the pipe lines.

### Insurance Loans Decrease



BORROWINGS on life insurance policies show a decline, says the Wall Street Journal. These borrowings rose steadily from 1924 when they first passed the billion mark

to 1931 at the close of which year they were nearly three billions. There were borrowings to meet family obligations and perhaps for further purchase of securities.

What does it mean if borrowings continue to decline? Not that the fund available is exhausted, for it is estimated that holders of life insurance might borrow five times the three billions they have already borrowed. Hardly that the wants of the needy have been satisfied. Perhaps that men are holding tighter than ever to what life insurance they have.

### Where Railroads Fall Behind



PRESIDENT Williamson of the New York Central gave some interesting figures in a talk the other day to the Traffic Club of Pittsburgh. Grade crossings were dangerous, he said, and the railroads had spent millions in getting rid of them.

"In the five years from 1925 to 1930, about \$135,000,000 was spent for this purpose in the elimination of 7,230 grade crossings on Class I railroads."

A good work, well on its way to completion. The railroads should make traffic safer. Those are one's first reflections.

But President Williamson went on, "localities in the same period added 9,646 new grade crossings—giving us in those five years 2,416 additional grade crossings, which will probably be eliminated at some time at a further enormous expense."

It looks as if the contest between the railroads and the grade crossings were not a little uneven.



# Common Sense and Profits

By JESSE RAINSFORD SPRAGUE

ILLUSTRATIONS BY R. L. LAMBDIN

A NEW and healthy business philosophy is growing up throughout the country. In this article, Mr. Sprague describes this new feeling, explains what it means, why it is necessary and how it is working to produce better times. He also includes some observations on the causes of depression—and the cure

**O**N THE train coming from Boston to New York there was the usual smoking room conversation about how long the depression is likely to last and what particular fillip will definitely set the country on the way to renewed prosperity. Finally a gentleman spoke up who had previously been only a listener.

"I happen to be in the manufacturing business," he said. "I have quit expecting a miracle. Whatever business upturn takes place will be gradual, just as it always has been after a depression. I lost money in my business last year. I did about two-thirds of the 1929 volume.

"I am going ahead on the assumption that business is never going back to the 1929 volume. If it does, well and good. But I have put my affairs in shape to get along on what I am doing now. I expect to show a profit in 1932."

The same day this conversation took place the New York newspapers quoted a nationally known corporation executive as saying:

"When we get through with this storm, American industry will make more operating at 80 per cent of capacity than it ever did before, going at even 100 per cent."

Any number of similar statements might be quoted. Business executives are showing a healthy disposition to discard the idea that some miracle is



Business men have concluded that no miracle is in the offing

going to lift the country out of depression. I have interviewed a large number of executives on the subject:

"How can a business earn profits on two-thirds of its 1929 volume?"

I have found many who have actually attained that objective. In practically every case this was accomplished by eliminating extravagances and shifting policies to conform to present conditions.

I recall a conversation I had in that other lush period, just a decade before 1929. A Texas cotton farmer told me

he had sold his 1919 crop for 42 cents a pound. He added:

"But that ain't enough. Sure as you're born, next season cotton is going to hit 75 cents a pound and stay there. From now on I can live like a gentleman ought to!"

I saw him again the next year when he had sold his cotton at 11 cents a pound. He admitted he had changed his previous estimate of how a gentleman should live.

"I made out on 11-cent cotton," he said, "and I reckon I can be satisfied with that."

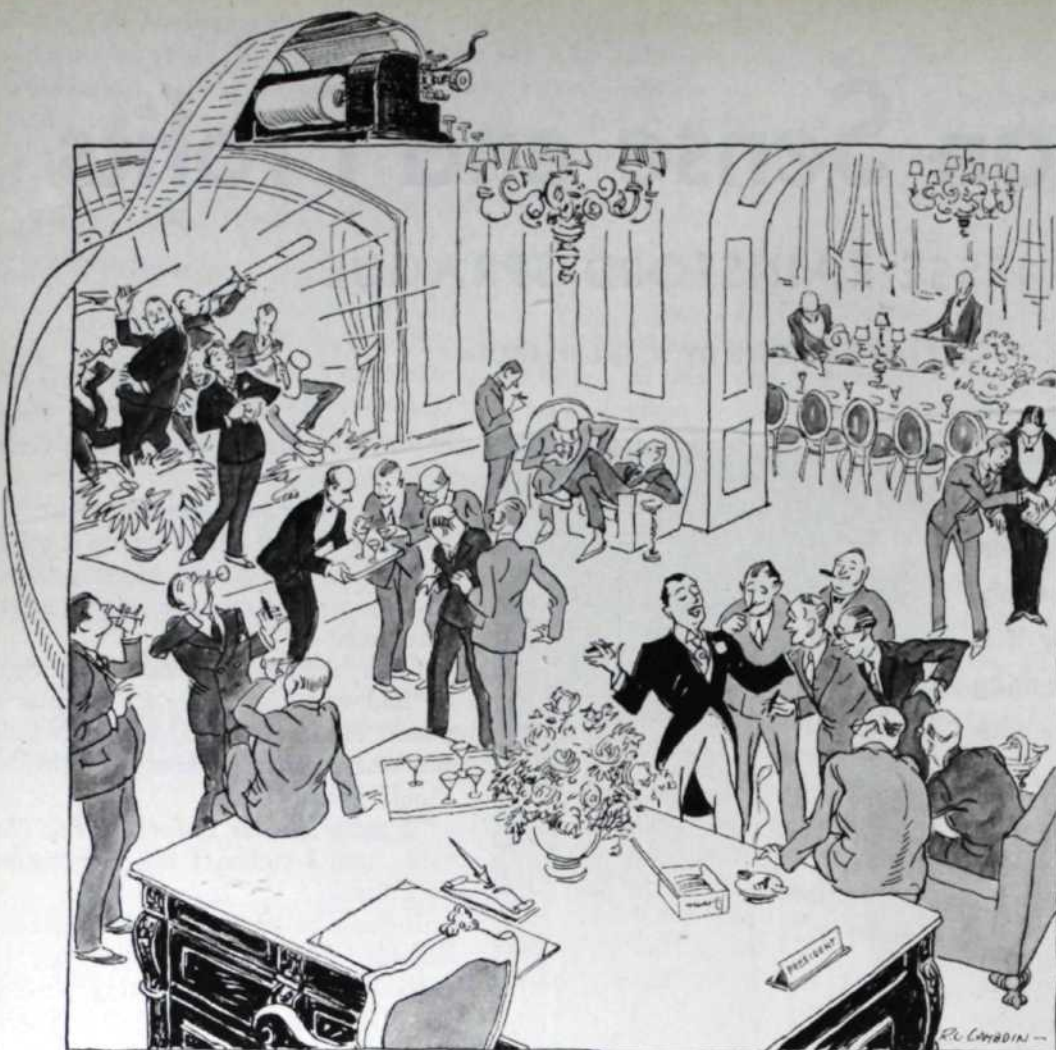
It must be admitted there was considerable 75-cent-cotton psychology in general commerce in the years preceding 1929. Business went ahead so fast that the sky seemed the limit. A number of the executives have told me of projects of those days which seem fantastic now.

## Extravagance doesn't pay

THERE was, for example, the manufacturing concern that in 1929 engaged a young man lately out of college at a salary of \$9,000 a year. He had had no business experience. His qualification for the position lay in the fact that he had married the niece of a rich man who was a director of a number of corporations. It was presumed the rich man would compel these corporations to purchase their supplies from the young man's employers. Unfortunately, the rich man had nothing to do with the buying activities of his corporations and the young man's letters of introduction had no effect. He held his \$9,000 job two years. His firm had not been able to trace a dollar's worth of business to his efforts.

Another boom time story concerns itself with a Pennsylvania corporation that manufactures hardware specialties and had as sales manager a man who had risen from the ranks and who was drawing a \$10,000 salary. The corporation did a modest amount of advertising, spending approximately \$40,000 in various trade journals. At the be-





Since he could endorse  
his own expense account  
he spared nothing

ginning of 1928 the sales manager suggested to the board of directors that the advertising be eliminated. He argued that the corporation was running at full capacity anyhow and it might as well save this expense. The directors approved of the idea and the advertising was discontinued. The sales manager then made the further proposal that, as he had originated an idea which would save the corporation \$40,000 a year, he should be rewarded with a share of the saving. The directors agreed that he should receive one-fourth of the former annual advertising expenditure and his salary was raised from \$10,000 to \$20,000.

### Making up lost time

THINGS went along splendidly until the beginning of 1930, when the corporation's sales declined even more than those of its competitors. An investigation showed that this was due largely to the fact that its name was not kept

before the trade. More and more its salesmen, when soliciting new accounts, were met with the statement, "Yes, probably your stuff is all right, but we don't care to do business with people we don't know anything about. We never heard of you before!"

This year the corporation is spending twice as much on advertising as it did formerly in an effort to make up lost ground.

For the sales manager matters have turned out even worse than for his corporation. The directors not only took off his \$10,000 extra salary, but also cut 15 per cent of his former salary. But, in his prosperous years, he purchased on installments a suburban estate that required three servants. At last accounts this was being taken away from him with a loss of the money he had paid on it.

Perhaps the star example of optimistic thinking was told to me by an executive of a large middle-western concern doing a nation-wide business. Some

three years ago the concern's president attended a convention in New York and met a man who was connected with another corporation and whose principal duties were to entertain customers of his corporation at similar gatherings. The president admired the grace with which this man could make an after dinner speech and the gayety he could inspire at less formal gatherings.

### A new president

IT HAPPENED that the president was thinking of retiring and on the lookout for a successor. He decided that the entertainer was just the man he wanted. The interview took place in a hotel suite at one o'clock in the morning after a somewhat convivial party.

"I've got all the money I want," the president said, "and I intend to enjoy life from now on. How would you like to take my job? I'll become chairman of the board and you can have the title of president."

Naturally the entertainer was interested. His own concern was paying him \$12,000 a year, with a liberal expense account, and he had an idea the position the president

was offering him might be worth perhaps \$25,000 a year. Not wishing to appear too eager he said he would like to take a little time to consider so radical a change. The president countered:

"I know what you're thinking. You figure you can tell your corporation about my offer and they'll raise you to almost anything you ask. I don't know what you're making now, or how much you can get out of your corporation. Whatever that might be, I'm going to make you an offer you can't refuse. I'll pay you exactly the same amount I've been drawing myself. That is \$60,000 a year!"

So the entertainer became president of his patron's concern. He also bought a country estate and his chauffeur drove him in and out from business in one of his four automobiles. He changed radically the concern's policies. Being an entertainer by instinct, he believed in personal contact as a sales stimulant and spent much of his time at various conventions. Since he could endorse his



own expense account he spared nothing. At one gathering held in San Francisco his bills amounted to \$9,000 for rent of an entire hotel floor and accompanying services.

So long as business was booming his concern made considerable progress. But his policies showed signs of weakness when things began to tighten up. Executives who were willing to throw business his way in return for his entertainment began to instruct their purchasing agents to buy at the best price regardless of sentiment. Six months ago his concern passed its regular dividend for the second time and the board of directors voted the entertainer out of office.

### Localized buying in depression

SUCH boom time projects are no longer the rule. But there are some other expressions of 75-cent-cotton psychology that stand in the way of many concerns that are struggling with the problem of earning profits on reduced volume. One of these is the assumption that business can be done the same way in a depression as in boom times.

During a depression commerce always tends to localize. Retail merchants in particular buy their goods nearer home, and many manufacturers who have formerly done business over a large territory are now finding it difficult to maintain their volume at the far edges of their territories.

I can best explain this by assuming that I am a New York manufacturer and one of my good customers is a merchant in Kansas. In flush times this merchant came to New York at least once a year to buy goods. He felt he could afford it, because his purchases amounted to about \$40,000 a year, and he enjoyed the trip anyhow. He also figured he could get lower prices by dealing direct with me rather than with nearby wholesale houses. Between his buying trips my salesmen called on him occasionally to get his fill-in orders.

But when the price of Kansas wheat went down to 40 cents a bushel and the merchant's sales declined in proportion, the merchant eliminated his trips to New York. He knew that, if he bought only \$20,000 worth of merchandise a year, the expense of his trip was not warranted. He decided he would buy his requirements from my traveling salesmen. But this did not prove entirely practical. My salesmen could get to him only four times a year; and anyhow, buying from a salesman's samples in a hotel room is not so satisfactory as coming to New York.

Eventually the merchant began to drift away from me and to buy some of his goods from a jobbing house in Kansas City. Perhaps he paid a little more on some items, but he could go to Kansas City without much expense and at any rate the jobbing house salesman called on him every two or three weeks. If business becomes too slack it is likely the merchant buys his goods even nearer home where he can go in his own automobile and bring his purchases back with him.

The trend toward localization of commerce during a depression extends practically to every line. An incubator manufacturer in Minnesota is likely to pick up his materials from a mill supply house in St. Paul instead of buying direct from the actual maker of the materials in Ohio. The Pennsylvania machine shop owner who formerly bought tools from New England probably buys now in Scranton or Wilkes-Barre, or even patronizes a retail hardware dealer around the corner in his own town.

To a lesser degree this localization of commerce extends to the buying habits of private individuals. In a small New Jersey town I talked with a merchant who said that his own business was considerably helped by the depression. As an example, he mentioned a well-to-do local family whose members formerly went to Europe each year and stocked up on Paris goods. Then the family had some Wall Street losses and eliminated its European trips but did its shopping in New York. After awhile, when some of the corporations in which the family held stock passed their dividends, the family began to shop in Newark.

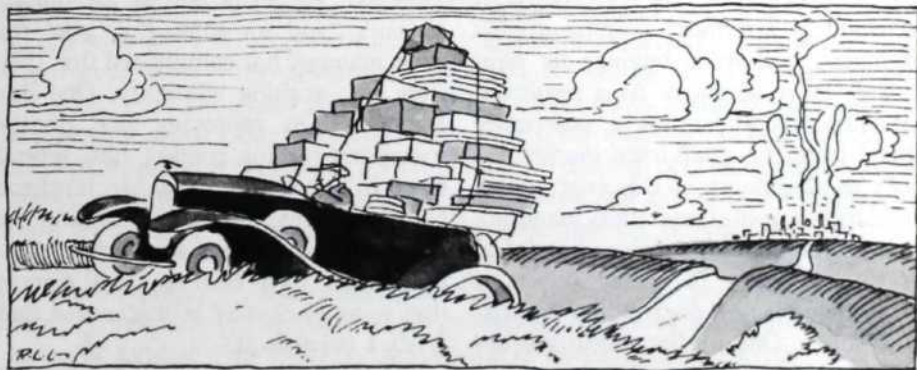
the executives I have interviewed admit that, during the pre-1929 period, they were tempted to go after distant markets and neglected their natural, nearby customers.

### Neglecting the home ground

A MANUFACTURER of machine tools in Massachusetts told me of a survey he made of his business last year and what it revealed. He started his business in a small way some 20 years ago, originally selling his tools to industrial plants in his own vicinity. As his capital increased he sent his salesmen further afield and found a market for his tools in the Middle West. Eventually he did the bulk of his business with industrial plants between Pittsburgh and the Mississippi River.

When the depression came on, the manufacturer's sales fell off sharply as his important western customers began to buy their tools from nearby manufacturers or from local wholesalers. His total volume fell to barely 40 per cent of what it had been in 1929.

The manufacturer's survey showed how he had neglected his nearby markets. Only a small fraction of his sales were made to plants in his own neighborhood. His investigators reported that, during the flush times, these plants had been worked intensively by a competitor in Ohio. The investigators also reported that fully half the potential buyers of the manufacturer's tools in New England had never been called on by his salesmen. Some potential buyers did not even know the manufacturer was in business.



When business gets too slack the merchant buys his goods nearer home and brings them back in his own automobile

Eventually East Orange got its trade. Now, as economy is pushed still further, the family does its shopping on its own town's main street.

Although I have said that commerce tends to localize in a depression, perhaps it would be truer to put it the other way and say that commerce tends to expand in boom times. More than half

The survey revealed other complications. During boom times the tool manufacturer's best salesmen were sent to cover the far-away markets.

As a result of his survey the tool manufacturer has withdrawn some of his salesmen from their middle western territories and arranged with several wholesalers in convenient centers to



handle his products. By concentrating on nearby territory he has not only cut down expenses, but in a little more than six months he has increased his business to within striking distance of a profitable volume.

### Abolishing purchasing agents

THERE was one peculiar side light incidental to this tool manufacturer's survey that may be of interest to other executives who do business with large concerns. In many plants he found the position of purchasing agent has been abolished and that each department head now buys for his own department. Formerly the tool manufacturer sent a catalog each year to every firm on his books for the use of the purchasing agent in making out mail orders. Now with the buying divided among several men, one catalog is not enough. This manufacturer has had his salesmen get the names of all those who have a hand in the buying. He sends a catalog to each.

I found a number of executives who believe the present depression will result in a tendency among manufacturers to go back to the old method of selling through wholesalers. Even in boom times the small town and country village were always a problem to the corporation that aspired to a nationwide business. In the aggregate such places provide an enormous market—sometimes estimated as high as 50 per cent of the country's total purchasing power. But a manufacturer perhaps making a single specialty cannot cover these thousands of small places without prohibitive expense. The average retail merchant is lax about keeping up his stock by mail-order buying; he likes to wait for a salesman. As a result the specialty manufacturer is practically barred from the small-town market.

At the beginning of this year one of the large corporations that manufactures an electrical specialty abandoned its former policy of selling direct to retailers and is now distributing through wholesalers. One of the executives described the reasons for the change.

"We could sell direct during boom times and make money," he said, "but we can't do it now. Even some of the places where we formerly sent our salesmen do not yield enough business to warrant the expense of direct selling. I'll give you a concrete example. For a number of years we have had a good customer in a medium-sized Iowa city whose annual purchases amounted to about \$800. We let him have the exclusive sale of our product for his com-

munity. Our salesman called on him every three months. Each call cost us about \$20, figuring the salesman's salary, railway fare and hotel bill. So, if the salesman got an order for \$200, our selling cost was ten per cent.

"In 1931 the merchant's purchases dropped about one-half yet it still cost the same \$20 for the salesman to make the call. Our selling cost was 20 per cent. The only way we can afford to keep that customer is to sell to him through some wholesale house in Des Moines or Omaha. The wholesale house can afford to send its salesman to the town because it handles dozens of items, and even though the merchant can use only \$100 worth of our specialty he buys other things at the same time.

"Of course, we face the possibility that our wholesalers are not going to push our goods as vigorously as we might do it ourselves. But even so, we will get our goods into thousands of small-town and village stores that we never could reach when we sold direct and we know exactly what our selling cost will be. We give our wholesalers 15 per cent profit. For that they not only sell our goods for us, but also collect the accounts and stand the credit losses, if any. If we sell as much this year through wholesalers as we sold direct last year, we are going to be on the right side of the ledger."

### Improving office morale

THE head of a wholesale mail-order business in New York told me of his own simple plan to make a profit on his present volume.

"There are 50 people in my office," he said, "and for some time past my office manager has complained that they were not working efficiently. One day I heard him reproving one of the stenographers for coming late several days in succession from her luncheon hour. She said, 'I've been spending my luncheon hour looking for another position. There have been so many rumors that some of us may be discharged that I felt I must do it.'

"That set me to thinking. I knew that no group of people is going to do its best work with the specter of unemployment in the background. My business made no money last year, but it is fully financed and out of debt. I figured that I could make no better investment than to assure my help of steady employment for a specified time. The next Saturday I put slips in the pay envelopes stating over my signature that, for six months at least, no employee would be discharged except

for cause. Since then there has been no reason to complain of slackness or inattention."

Doubtless some firms have gone too far in their efforts to make profits on reduced volume. One constantly hears of manufacturers who reduced their sales forces as an economy measure. In the first week of January I asked a number of merchants in a small New York State city how their Holiday business had been. Several told me that demand had been fairly active, but they had lost sales through not being adequately stocked. In almost every case they had not laid in their usual Holiday stocks because no salesmen had called on them.

The manager of a drug store whose credit is beyond question told me that for years a salesman for a fountain pen manufacturer always called on him about the first of October and he always bought about \$250 worth of pens which he usually worked off in December for Christmas gifts. Last fall the salesman did not appear and so the druggist did not lay in his usual stock. Many of his customers asked for fountain pens but the druggist could only show them a few odds and ends left over from the previous year. He sold only four pens in December. I asked him why he did not order his usual assortment of pens by mail.

"I suppose I should have," he said, "but I figured that if the manufacturer was cutting down expenses to the extent of not sending his salesman to see me, conditions must be a lot worse than I thought they were. I figured I had better keep my money."

Two other merchants told me practically the same thing. One lost sales on box candy and the other on perfumes because no salesman solicited their orders. December found them understocked on merchandise for which there was a good demand. A banker in the town told me that he gave out more gold pieces in December than ever before to people who wished to use them for Christmas gifts. Soon after Christmas a large proportion of the gold pieces were brought back to the bank and deposited by those who had received them. The banker learned that in many cases the recipient of a gold piece had intended to spend it, but could find nothing in the stores to tempt him. All this took place in a community barely a hundred miles from New York, where certainly it would not have been tremendously expensive for manufacturers' salesmen to make their calls.

There is one relic of the 75-cent-cot-

(Continued on page 84)



# What's Going on in Washington

## Another Letter from W. M. Kiplinger

DEAR MAC:

THIS is in reply to your recent letter in which you ask a number of questions about prospective Washington actions of interest to the business community. Some of your questions I have answered specifically, and some must be answered generally.

I note your continuing spirit of irritation over Washington. You are largely justified. The situation here is not particularly good for business and will not get much better in the next month or two.

There are certain things on which you are unduly alarmed, however, and I shall try to point these out. Furthermore, there are reasons of necessity behind some actions which seem to you to be preposterous, and an understanding of the reasons will help you to get the whole picture instead of just the segment of it which applies to your own affairs.

**Defense** I NOTE your statement that Washington has made a mess of things recently, starting with the tax bill. Right! You said Congress had not responded to public sentiment. Wrong!

Congress has done precisely what various vocal elements of the public asked it to do. It has been responsive and flexible. The trouble is primarily that public sentiment is anything but unified on taxes and every other pending issue.

Each individual member of Congress votes as nearly as possible to suit a majority of his constituents, or at least a majority of those who are watching him and know what he is doing. He wants to do the right thing in the eyes of his little geographical group, so he will be re-elected. He comes as close as he can to doing it.

Your complaint should apply not merely to Washington, but to the whole country, and perhaps particularly to business men themselves who are at sixes and sevens over political policies.

Did you think well of the manufacturers' general sales tax, for example? Yes. Did you tell your Congressman? No. Others who did not like the tax did plenty to express their views. They were organized and they were vigorous. They got what they wanted. Congress responded to the public will, in so far as the will was made known.

Do we think the budget should be balanced? Yes. Do any of us like to pay taxes? No. Will we argue against taxes on our particular selves? Yes. Are there any exceptions? Very few.

Don't you see the predicament Congress and the whole Government is in these days? Don't you see that Washington needs defense, however unpopular this may be?

We wish on the Government the job of belling the cat, then kick on how it is done.

**Business Men** I NOTE your remark that what we need is more business men in Congress. Years ago, when I was new in Washington, I thought so. Now I'm not so sure. The average good busi-

ness man is too dogmatic, too sure of what is "sound" and what is "unsound," too prone to drive things through, too autocratic, too little habituated to conciliation. It takes a different mental training to make a good member of Congress, a good politician or statesman. It takes *flexibility*. It takes the ability to compromise on minor matters (occasionally with intellectual dishonesty) to gain success in major matters. You may wish it were not so, but it is so and *must* be so by the very nature of popular government.

**"Sound"** YOU asked why Washington can't be "sound." It is hard to answer specifically. It is a problem in philosophy, psychology, sociology, and the inexact and partially-developed science of economics. How do we know what is "sound?" Sometimes I think I know. You think you know. You and I think pretty much alike, yet we two can't always agree. How can a hundred million agree, except approximately, through their legislative bodies? They can't and they don't, except approximately.

Plenty of people honestly think it isn't necessary to balance the federal budget next year. They think business will pick up and justify another year of running in the red. If business *does* pick up, they are "sound." If business does *not* pick up, they are "unsound." Those of us who think it is dangerous to risk the uncertainties of business recovery are in the majority.

Is it "sound" to support the weak banks with government loans? Is it "sound" to stabilize the bond market? Is it "sound" to put government credit props under the railroads in a crisis which we assumed would pass within the year? Is it "unsound" to support agricultural prices by government stabilization? Is it "sound" to protect American manufactures by tariff, and "unsound" to protect American wheat against world prices? Is it "sound" to regulate railroads and not trucks? Is it "sound" to go in for extravagant public works in times when we can well afford them, and to suspend them in times when we cannot afford to increase taxes to pay for them? Is it "sound" to live by borrowing when lenders are tight? Is it "sound" to rely upon indirect or concealed taxes which the taxpayer cannot see, feel and calculate?

I am asking these questions. I am not answering them.

Nationally our intelligence is not sufficient to enable us to know always what is "sound," though we are making progress. Nationally our social, economic and political organization is not sufficiently developed to enable us to do promptly those things which we have discovered to be sound. In our *organization* we are especially faulty. We are adolescent. Washington is not to blame. The difficulty is bigger than is implied by your question.

**Afraid** YOU said you were afraid of Washington. Let me give you a view from the other end: Washington is afraid of "the country." Washington is afraid the "people" will demand legislative panaceas which may or may not be good for them. The "people"



can have anything they want out of Washington, if they want it badly enough and numerous enough. Washington is essentially a political sensitized plate on which is registered the popular will, subject to certain checks and balances, and subject especially to certain lags as regards legislative policies.

The making of sound public sentiment rests with each locality, rather than with Washington. Political leaders here often see clearly enough what *ought* to be done, but they can't swing public sentiment their way.

**Blocs** YOU asked about the disorganized state of Congress, whether this would show improvement. Probably not.

Congress is not controlled clearly by either party. The control is vested in bi-partisan blocs. If these were stable blocs, you would know what to expect. But their make-up flows and shifts from week to week, so that a member may belong to six or eight blocs simultaneously, each bloc pledging its votes for one piece of legislation in return for another bloc's support for some other pet project.

Votes thus appear to be illogical and inconsistent, but underneath is the desire of each member to get some favored legislation for his constituency. This is congressional "deliberation" as it is practiced.

Forecasting of legislation requires a knowledge of these various blocs. Formal attitudes of the two parties mean little these days.

Most of the blocs are organized under the auspices of special lobby organizations which work outside Congress to create public sentiment, and then work systematically to route expressions of this public sentiment to the desks of each member of Congress. Much of this lobby work is done openly and without secrecy. Some of it is done darkly and mysteriously.

**Graft** YOU asked whether there is any graft in Washington. In the ordinary sense, *no*. There isn't any petty stuff such as you have in your city affairs. The Federal Government is exceedingly well run, as governments go. It is far more efficient and honest than the average state or municipal government.

*But*—nationally we have our tariff, our tax legislation (especially in the complicated administrative provisions), our subsidies for shipping, aviation, highways, trucks, waterways, agriculture. Each special interest can prove statistically that it is *not* subsidized, that the payment or maintenance is merely to offset natural disadvantages, and is in the public interest. The accumulation of evidence from year to year suggests, however, that few subsidies turn out to be economically sound, especially because they usually run long beyond the period for which they were originally intended.

But as for petty graft—*no*.

**Day's Mail** THE correspondence burden on members of Congress is unusually heavy this year. Here is a sample of a day's mail:

Vote for the bonus. Don't vote for the bonus. Balance the budget. Don't tax me. Vote for this. Vote for that. Get me a job. Send me \$5. Demand a job. Cut expenses. Cut the number of government employees. Get my nephew a government job. Abolish useless bureaus. Create a new bureau. Get a government loan to keep our bank from closing. Cut taxes. Get an appropriation for dredging our river. Tariff is too high. Vote for tax on oil imports. Guarantee of bank deposits is a menace. Vote for guarantee of bank deposits. Get me a job. Vote for the Glass bill. Kill the Glass bill. Repeal

the antitrust laws and end the depression. Tighten the antitrust laws and end the depression. Reduce expenses. Vote for human relief. Abolish the Farm Board. Get me a government job. Give the Farm Board more powers. Get me any kind of a job. Government regulation is a menace. Vote for silver. Keep the currency sound. Give me cash on my bonus. Stop bear raiding. Regulate the grain exchanges. Get me a job. Railroad rates are too high. Send me \$10; my children need clothes. Railroad rates are too low. Business can't pick up with the budget unbalanced. Business can't pick up if taxes are raised. Vote for this bill; it will raise prices. Vote for a moratorium on farm debts. If you vote for this you will keep alive the inefficient. Why doesn't Europe pay its debts? Implore you to get my friend a job. Cancel the war debts and end the depression. High surtaxes will hurt business. The automobile tax will prevent business recovery. The estate tax is a vicious capital levy. Where can I find a job? Raise the estate taxes. The depression would end if Congress would quit and go home. Vote for the bonus. Regulate the banks.

You may tire. So do Congressmen and officials. But the letters have to be answered.

**Taxes** THE Senate will tear up the tax bill as written in the House, and the real bill will be written in the conference committee of the two Houses. The differences of opinion and attitude, not only in Congress but throughout the country, are so numerous that it will take hard work to get the bill enacted by June.

An appraisal of the influence of the various groups in Congress, and of the organized lobbies which at times swing Congress one way or another, suggests the following prospects for the tax bill:

It will raise about one billion dollars. It will provide high individual income surtaxes. It will have high estate tax rates; political policy in this country is swinging more and more to heavy levies on estates as a step toward "equalizing" the distribution of wealth. It will abolish many of the deductions heretofore allowed corporations, and close up many loopholes by which corporations heretofore have lightened their tax burdens.

It will include numerous sales or excise taxes. There is considerable sentiment in the Senate for the general manufacturers' sales tax which the House killed, but at a very low rate. There is sentiment even for a general turnover tax at low rate. It is hard to see how a general turnover tax (on all sales, not merely on manufacturers' sales) can be adopted, considering the bitter opposition of farmers, labor and "poor men."

The parliamentary difficulties of special excise taxes are that each business group which is singled out for taxation brings focused pressure to bear on each member of Congress, or on key members. This is very effective, especially when it is not counterbalanced by support from the general public.

The tax bill is sure to be loaded down with so-called excise taxes on imports—the equivalent of tariff. Most of these will be washed out in the end, because it is impossible to devise complicated compensatory adjustments on all sorts of related products.

Bear in mind that the writing of this tax bill is a log-rolling, vote-trading performance. It cannot be otherwise. Orderly well balanced fiscal legislation is possible only when one party controls Congress and can enforce the will of leaders on a substantial majority of members. This condition does not exist in the present Congress.

**Budget** TO balance the federal budget for the fiscal year 1933, starting next July 1, will require not only (1) a billion dollar tax increase, but also (2)



sharp reduction of government expenses, and (3) abstention from new special appropriations. The budget probably will not be balanced, despite all the talk about the absolute necessity of it from leaders of both parties, but we shall make good progress toward balancing our budget, and this is the important thing. It is more significant than the fact that the thing doesn't quite balance.

You asked whether there was much congressional sentiment for *not* balancing the budget. Yes, there has been considerable of it, but it is in the minority. Some of the liberals and some of the agrarians think privately that the Government can borrow now, and make it up on taxes when business recovers. They think business will recover within a year.

Majority sentiment in Congress is for balancing the budget, for not taking any chances on the uncertain business recovery, for maintaining sound federal government credit. My best judgment is that this policy will prevail in the end, and that the budget will be balanced approximately, though not absolutely.

On the point of new special appropriations, you must remember that the President holds the veto power and that it will be difficult for Congress to override a veto.

#### Government Expenses

YOU read in newspapers stories to the effect that government expenses for next year will be cut by 300 or 400 million dollars. Responsible public officials and members of Congress give out the stories. They may be technically correct, but

they are essentially exaggerations. Cuts can be made to add up to several hundred million dollars, but they are counterbalanced by new expenses.

Remember that the biggest single item is interest on past debt, and that the debt is increasing. A close second to debt is the expense because of veterans of past wars, approximately one billion dollars, and it is generally agreed that this cannot be touched. The third biggest expense is for the Army and Navy, about three-quarters of a billion. The fourth biggest item is for public works—capital expenditures. The total on public works is figured in different ways, but it may be called a half billion. The postal deficit is around 200 millions.

The running expenses of the Government, aside from the items mentioned above (plus some others, omitted for simplicity) is 600 to 700 millions. It is less than a billion. If this were cut 20 per cent (which is impossible), the saving would be far less than 200 millions.

**Reorganization** I AM sure the only way of reorganizing the Government is through a commission on which are represented both the executive

and the legislative branches, and then only at some future time when one party has a clear control of Congress.

It can't be done to any great extent under the present conditions of balance of power, with subsequent partisan jealousy.

**Abolish Bureaus** YOU and I can't get anywhere by talking about *which* government bureaus, commissions, or functions ought to be abolished, because we will not agree. Some seem useful to you and others to me.

The only thing I can tell you is this:

No branch of the government will be abolished this year or next year.

It isn't done in our government. For various political reasons, it can't be done.

#### Salaries

IF ANY salary cuts are finally put through Congress, the actual saving will not be great. It will be for the sake of making a gesture of economy for the political effect on the country-at-large. Few members of Congress really want to cut salaries.

It is an interesting observation that personal efficiency has been increased in many bureaus by the threat of reductions. Here and there I see former loafers who are stepping around, being busy or pretending to be busy.

**Bonus** A GOOD majority of both House and Senate members are privately opposed to cash payment

of the soldiers' bonus, and say so quite freely when they are among friends. On the other hand a majority of both houses *may* feel it necessary to vote for the bonus. This is particularly true in the House, because members are up for reelection this fall, and the veterans' vote back home is worth getting.

One distraught congressman put it this way in a private conversation:

"I don't want to vote for the bonus. I don't think we can afford it just now. I don't think it is in the public interest. But if I don't vote for it, I will get no thanks from my constituents who are not veterans, and the veterans will go against me, and my district will elect some damned demagog to succeed me."

If the bonus does get through, the President will veto it. Whether Congress will override a veto is uncertain. My guess is that it will *not*.

**Inflation** THERE is much talk around the country about inflation. Different people mean different things, and most don't know what they mean. Primarily they want commodity prices raised by



the process of cheapening credit or money. Congress is predominantly "inflationary"; members talk it, but they don't have any specific scheme.

It is certain that we shall not inflate the currency by the printing press route. It is fairly certain that we shall have no legislation to make bonus certificates rediscountable by Reserve Banks. We shall have no bimetalism, or any other important development affecting silver.

The Glass-Steagall Act contains the elements of inflation, but the administration of this by the Reserve System is very cautious and conservative. The Reserve authorities do not want inflation, and they will not adopt it voluntarily.

They have eased credit a bit, and they have gone along with the natural forces which have cheapened it, but they have shown no signs of adopting anything resembling an outright inflation policy.

The gold standard is not going to be abandoned. Only a great foreign run on American gold—the result of collapse of confidence in American credit—could force the United States off the gold standard. Even then the foreign run would have to be accompanied by a domestic crash, a hoarding of currency and gold. Some fancy thinkers regard these developments as within the realm of possibility. I suppose they are. But for practical purposes the fear is far out of line with the facts. And nothing can come suddenly without advance signs and symptoms of the necessity.

"Inflation" is a loose term. It is impossible now to have inflation of the 1928-29 variety. Then people pyramided their credit grotesquely, buying securities and other things on loans secured by other things bought on credit, etc. It takes momentum to make inflation of that sort, and now we do not have the momentum.

**Banking** YOU asked the prospects for the Glass banking reform bill. I think that the bill in its original form presents too big an issue, too fundamental a scheme of reform, to be enacted this year. This assumption is based partly on specific information concerning the opposition, and partly on general observations from past years relating to measures of far-reaching influence. It always takes public sentiment and congressional sentiment two or three years to get itself organized on a big issue such as this Glass bill.

Some sort of modified Glass bill along the lines of the Federal Reserve Board's suggestions, which are not "deflationary" or "restrictive," may get through before the session ends.

Popular feeling against banks and bankers seems to be running high, judging by the reports reaching Washington from all around the country. It is based partly on the assumption that banks are tight with their loans, but mainly on the part bankers played in the stock market inflation of several years ago. This feeling will gradually be organized into support for some such regulatory measure as the Glass bill.

**Deposits Guarantee** I THINK there is no chance of enactment of any bill for government guarantee of bank deposits. It probably will be demonstrated to Congress that such legislation now, applying only to member banks of the Reserve System, would harm the *poor* banks which cannot qualify for membership in the System, and would tend to drive out of the System the *good* banks which do not like to carry the obligation of guaranteeing deposits of the poor banks.

**Home Loan** THE bill to create a home loan system has a little better than 50-50 chance of enactment, due not so much to popular interest in it (for this is slight), but to pressure from the administration, which regards the home loan bill as a pet.

**Reconstruction Finance** ON THE whole, the R.F.C. has done a good job, though there is much grumbling about it. It has saved banks from failing, insurance companies from feeling strained, railroads from going into receivership. It will continue to stabilize the financial structure for some months. It will continue to prevent major railroad receiverships.

You asked whether its two billions of resources would be enough. No one can know, for this requires accurate knowledge of the business future which no one has. Certainly the authorities are not thinking in terms of aggregate loans of anything like two billions.

**Railroads** I CAN'T quite see the way out for them. They need traffic and revenues. They need regulation of competitors, and this is not likely at the present session. Business pick-up provides the big *if* which obscures the railroad picture.

**Exchange Regulation** I DOUBT whether there will be any legislation to regulate the grain or other commodity exchanges. Congressional sentiment is slowly working toward a plan of having the government pass on the exchange rules, on the theory that the exchanges constitute a public utility. But the idea is not ripe yet.

**Stock Exchange** IT IS improbable that there will be any regulatory legislation on stock exchange practices. Damaging publicity concerning practices is the most that should be expected.

**Tariff** TAXES on imports provide an ingenious way of providing tariff protection under another name, disguised as revenue. The procedure is generally acknowledged to be dishonest. The Senate is not disposed to resort to this back-door tariff, and most if not all the peculiar import taxes will be forced out of the tax bill before passage.

**Agriculture** THE Farm Board will not be abolished. Its policies for dealing with the stabilization surpluses of wheat and cotton will not be changed by legislative dictation. The equalization fee and export debenture will not be enacted.

The investigation of the Farm Board will result in slinging of mud on both the co-ops and the private trades.

Production loans to farmers, administered through the Department of Agriculture, are in direct conflict with the government's general policy of restricting production, and are dictated solely by the exigencies of agrarian politics.

**Anti-Trust** NOTHING much can be expected, except perhaps enactment of the Nye bill which legalizes the trade practice conference procedure. Talk about important revision, relaxation, suspension or truce is just a will-o'-the-wisp. The cold truth is that

(Continued on page 68)



# Your Part in Tax Reduction

By MORRIS EDWARDS

Finance Department, U. S. Chamber of Commerce



**NO MATTER how much he may desire lower taxes, the average citizen cannot resign his job to become a crusader. Fortunately this is not necessary. There are other ways by which he can make his influence felt**

**T**HE NATION is being told that it has a serious tax problem. Statesmen, economists and business leaders are neglecting no opportunity to hammer home the truth that correction of evils incident to public expenditures, debts and taxes is an essential prelude to business recovery. All these appeals demand, suggest or hint that someone should do something to halt public extravagance. Just what this something is is not always clear. The someone who shall do it usually is less so. Apparently the someone is the general public. In terms of action, that is you and I, the fellow in the next office, and the man who lives on the other side of the back fence.

We are just reasonable folks. By ordinary tests, we probably are good citizens. We keep the peace and pay our bills. We usually vote in elections. Occasionally we go to political rallies or meetings of the community club, although more from a spirit of neighborliness than from any sense of performing a function of citizenship.

We hear much about high taxes. At least we know that our own have gone up pretty fast. We are interested in the public finances, at least to the extent of wanting them handled economically, but we are not going to resign our jobs to do evangelical work in behalf of the body politic. We are not crusaders and do not want to be. Nevertheless, under our scheme of government, we are supposed to comprehend this tax problem, distinguish between sound and unsound corrective measures and, by our concerted force and opinion, compel the adoption of sound practices.

That seems a large order. Perhaps that is why we have done so little about it. We doubt whether individuals or small groups can cope with deep-seated problems of public administration or public finance.

Take a specific case. The newspapers constantly are lambasting bureaucracy in Washington. Yet, even if we think that the Farm Board is political nonsense, what can we do about it? Or, if we believe that our city government is overloaded with employees working earnestly on matters of ridiculous inconsequence, what can we do about that, so long as most of our energy is required to earn a living?

If we can do nothing, we may as well wonder whether our free political institutions are worth preserving, whether the framers of the Declaration of Independence and the Con-

stitution simply were not playing a joke on posterity. But the case is not that hopeless. Our trouble is that, busy with other things, we have ignored available remedies.

In the first place, we have not really come to grips with the problem. Our talk about bureaucracy, the cost of government and confiscatory taxes, usually is too broad, too removed from local application, to give encouragement to self-reliant action.

## Buried in statistics

FOR example, we are concerned about the increasing cost of local government. We hear that in 1913 it was \$1,800,000,000 out of a total public expense of \$2,900,000,000; by 1929 it was \$7,100,000,000 out of a total of \$13,000,000,000. Those figures plainly are enormous but to us, accustomed to buying potatoes by the peck, they have no realistic link with our personal experience. We know only that an army of public spenders large enough to require \$7,000,000,000 a year is a somewhat too numerous foe for us to engage in a pitched battle.

But these formidable national statistics are only the aggregate of thousands of local totals. If, as a nation, we are spending too much for local government, it is because a majority of our cities, counties and towns—perhaps my home area of Montgomery County, Maryland, among them—are spending too much. If the 1928-29 bill of \$2,400,000,000 for public education is too large, it is because the corresponding totals are too large in a majority of local school districts, of which my own Chevy Chase district well may be one.

The costs right at home are the ones we need to understand. Rather than neglect to correct an unhealthy local situation on the theory that it seems to be a negligible and insignificant part of a towering national condition, we should regard it as the focal point in the picture. If we are sufficiently interested in protecting our homes and businesses and private resources to put the affairs of our county and city in order, we will have to trust that you are equally so and will do likewise. So you get your local taxes under control. We'll get ours.

Accordingly, let's look at our situation at home. What needs to be done? For one thing, our community always is finding

**"RATHER than ignore an unhealthy local situation because it seems a negligible part of the national condition, we should make it the focal point of our attention"**



new things for the local government to do. Each year it spends more than it did the year before. When property values, commodity prices and the incomes from which we pay taxes were increasing, that may not have been intolerable. But when they are decreasing, such habits are bad. Apparently those in authority don't know how, won't, or don't dare to say "No" when expenditures are proposed. Some attitudes—those of public officials, public employees and many of our citizens—need revision.

### A system that's all backwards

THEN, too, the whole process of local spending puts the cart before the horse. Instead of figuring out what we can afford to spend for local government and then using it where it will bring the best return, we list all the public services we want—plus all those that ingenious specialists can persuade us we need—and tell the taxpayer to pony up the money. That seems stupid. In everything but government, the willingness and ability of the buyer to pay, and not the cost of the seller to produce, determines the price.

Or, perhaps, the schools are teaching our boys and girls about the symbolism of Verdi's operas and how to make pottery, even though their spelling is terrible and their arithmetic is worse. Apparently some single-track faddists are deciding what is good for our children. Maybe they know their business. But they don't seem to know what we are willing or able to pay for. We will have to advise them, amiably if possible, more outspokenly if necessary, on that point.

Just where do we start to correct these things? Make protests as individuals to the proper officials? Run for office ourselves to get the power into our own hands? Those were the remedies which occurred to my Victorian father when he thought the cost of fixing the roads in the spring was too high. But life then was simple. So were politics. Such remedies were adequate. Now they don't appeal to us. Living in a great city, our running for mayor seems quixotic. Whether it is or not, we won't do it. But we don't need to. The age of specialization which has made us unwilling to be citizens of the direct-action type has provided men whose business is public management. We call them politicians. They are eager to know what we want. Suppose we tell them.

How do we do that? To avoid the appearance of a lost voice in the wilderness, we should work through an organization, through which we tell those with whom the decision rests that there are a number of us who hold the same opinion. There are several possibilities. Probably the best one in the long run is the chamber of commerce. Others are the neighborhood club, the citizens' league, a luncheon club or a taxpayers' association. If such an organization already is working to remedy the conditions about which we are dissatisfied, our course is easy. We can attend its meetings, get and read its literature, discuss its proposals with our friends, and add our voice when it passes a resolution. By our addition to its ranks, it is just that much better fortified to speak with authority concerning what we all want. Before deciding that such effort is inadequate,

**"IN everything but government the willingness of the buyer to pay, not the cost of the seller to produce, determines the price of a commodity or a service"**

we should try it. We have not really done so yet, except in isolated instances. But those instances—including Minnesota, Indiana, and Wisconsin—are most reassuring.

If we are of more assertive turn of mind, we can take a more active part in the work of such an organization, serve on its committees, speak publicly in its behalf, urge others to join our movement, put drive and purpose into every

action, go with the delegation to see the mayor, telephone the alderman, write to the editor, and, in season and out, agitate the issue. If protest is ineffective—which is another way of saying that the politician does not believe we are a majority or does not think we will stay with the proposition—we can use stronger means. Per-

haps we can urge the need for or help find a more suitable man for public office. Opposition candidates have a habit of looking for issues.

If existing agencies are not interested in these questions of public finance, it will be easier to encourage them to become interested than it will to organize a whole new association. And much less expensive. If those in charge of such an organization come to recognize that their membership support depends upon doing an honest job on a given problem, they usually turn their energies in the desired direction.

### Taxpayers can organize

IF NO existing agency is or can be interested in doing something about taxes, we will have to organize an association for the purpose. If we are so short of initiative that we won't take that step, there is little to be done and we deserve scant sympathy. But if we will stir ourselves it is not a monumental job to put together a taxpayers' association or similar organization. How shall we do it?

Probably a few of us, as many as can be recruited, will have a meeting. Someone will open by stating its purpose, to see what can be done to reduce taxes. That starts the ball rolling. From there on, it is easy. What person free, white and 21 doesn't have personal notions about where the local government could save money?

"I know a fellow in the assessor's office," says the man on the right, "and he doesn't work two licks a day. I'll bet they waste a lot of money there."

"And in the street department, too," volunteers the second. "When they patched the street in front of my house, they sent out enough men and equipment to build a boulevard."

"That's right," assents the third, "but it's the schools that waste the big money. Just look at the gimcracks they've put in since we were kids. Haul the kids to school in a bus and then hire a teacher to exercise them."

You know the rest. Everyone has ideas, good, bad or indifferent, but ideas nevertheless. The job is to sort them out, get the facts and decide what common sense would dictate as a cure for the leaks.

In several hundred communities, conspicuously successful work upon tax problems has been done by agencies of this sort, and in getting ours under way we can borrow some rules of thumb based on their experience. Let's not be too

**"THE age of specialization has provided men whose business is public management. We call them politicians. They are eager to know what we want. Suppose we tell them"**



ambitious right away. We will not cure tomorrow all the evils that have grown up in 25 or 50 years. Besides, if we are to do the whole job, we cannot afford to risk our prestige on efforts beyond our powers and resources. Better to save \$100 in the city clerk's office, and really save it, than to conclude that all our worries would be over if the city charter were rewritten, and fall down on the job. The city charter may need to be changed. We may be the ones ultimately to get it changed, but let's cut our eyeteeth first. Build up some sentiment behind us, some confidence in our judgment and fairness, before we test our wings on long-standing controversies.

### Economy should begin at home

BY the same token, let's keep our eye on the local job and not spend our time and money running down to the state house trying to get everything changed overnight from the top down. If, through our efforts, both tickets have men long on common sense as candidates for the legislature in the next election, we will have done more to iron out state problems of taxes than we could have done by sending a dozen delegations down to do this or that. The same thing applies to the National Government. Let our candidates for Congress know that their records are judged by the rate of income tax, and maybe things will get better.

Once we have decided which things we want to study, where do we go from there? If ours is a very large city with complicated problems, and we have or can raise considerable money for the job, we probably should organize a research bureau, find men who know something about public administration and put them to work. But if we do that, let's not delude ourselves about it. The trained man can produce enormous values, but his effectiveness is in direct ratio to the amount of determined, sustained public support he has behind him. Just because we get him, we cannot lay down. He can tell us what should be done and how to do it, but his work ends there. We must do it. If we have to choose between the technical expert and the he-citizen with blood in his eye let's take a chance on the technique being a little less perfect but with the job actually being done.

If we cannot afford a research bureau, a full- or part-time secretary will be more than worth his salt. We want someone with plenty of energy, some common sense, ability to write a little, perhaps a fairly good talker, who knows his way around the various public offices. He can dig up the facts we need. For we must have facts. Without them, we're sunk. In picking the man, we'll have to remember that energy is the prime qualification for the job.

### Economies may prove easy

IF WE can't scrape together enough money to hire a man, we must do the work ourselves—organize committees, parcel the work among them, and meet occasionally to discuss their findings and reach conclusions. But it takes strong and persistent leadership to put drive and continuity into that type of effort.

Suppose we have found that there are more men than necessary in the sheriff's office, more ash collections than are needed, too large a street repair gang, or some costly skull-

duggery in awarding contracts to install traffic lights. What next?

Publicity? Official investigation? Not yet. Maybe never. That only makes someone mad. It stiffens resistance. Instead, we should send a committee to the official in charge of the matter. With our suspicion that all public officials are incompetents or worse, we will be surprised on more than half such occasions to find that they are rational, intelligent human beings, just as interested in doing their work satisfactorily as we are in having it done.

Our suggestion may never have occurred to the man in charge, and he'll be tickled to have it. Or, not uncommon, he has known that such a change should be made, but has hesitated to make it in the absence of assured public support to offset the risk of offending someone upon whom he depends for political help. In many matters, we will get what we want without further ado.

A Detroit mayor once said, "A tax committee of business men would be worth its weight in twenty-dollar gold pieces if it did nothing more than sit on the city hall steps."

When officials take such action voluntarily, they may claim much credit for their zeal in protecting the taxpayer. What of it? They live on that sort of thing. We don't. We're interested in the result, not in personal political fortunes.

### "Be sure you're right"

A GOOD time to get really into the matter of reducing taxes is when next year's budget is about to be voted. Let's go over the items, and be sure we understand what they represent.

Find out about the doubtful ones. Let

the proper officials know which ones seem wholly unnecessary or too large. If they won't change them, there is plenty of time to send spokesmen to the council's public hearing on the budget or to tell the story in the newspapers. If we have to fight it out, let's be sure of our facts, the reasonableness of our views, and then lay down a barrage that doesn't waver until the issue is settled. We'll win sometimes, and lose sometimes. But that's life. The way we lose counts a great deal.

People who differ with us are not necessarily crooks. They may be as sincere as we are. And a certain percentage of the time they may be right.

Graceful losing—not to be confused with quitting—has its points in fighting tax battles.

Above all, we must be practical. Let's not do a lot of idiotic talking about taking the spending of public money or the management of public operations out of politics. They always have been, are, and for some time probably will continue to be, the very essence of politics. And let's not bedevil the politicians that God gave us. We need them—couldn't get along without them. What we need is bigger and better politicians. If they have wasted money in the past, it was because free spending won elections. It was the best practical politics.

Whenever the man who has his eye on votes sees that economy—real economy and not just the age-old lip-service variety—is the path to victory at the polls, we then will have such parsimony in public management that once more we will have to reorganize the good roads committee and the welfare league to pry a dollar out of the public treasury for necessities. That's our job—to make economy the best practical politics.



# A New Conception of the

By A. H. Deute

★ **WHEN** the sheep men turned to the Safeway Stores for assistance in a difficult marketing problem, they not only found the solution of their own difficulties but they revealed a new channel of service by which a large organization is able to assist, not only producers but consumers as well

**T**HE winter of 1931-1932 proved to be an unusually severe one in the Pacific Western states. Record breaking storms piled snow in the lower hills. Valleys which, during most winters, provide feed for the herds of sheep and lambs, were so deeply covered with snow that the sheep could not get at the grass. Bad weather and lack of food meant death to great numbers of sheep. Particularly it meant a terrible loss in lambs—a loss which the sheep men, already financially hard pressed, would be unable to bear.

What to do under the circumstances was a problem which the sheep men had to solve in a hurry. The normal channels of trade could not absorb the great number of lambs which must be disposed of. Ordinary advertising could not help because the means of supplying the lamb were inadequate. On top of this, too many consumers were in no financial position to buy lamb in quantity. All the time more snow was falling and more feeding areas made temporarily useless.

In this emergency, the sheep men, in a round table discussion, thought of their old friend, M. B. Skaggs, president of Safeway Stores, Inc., which, with its affiliated companies, operates some 4,000 grocery stores in 21 states, Canada and the Hawaiian Islands.

Several of them knew him personally. In the old days in Idaho they had traded with him and he had often waited on them personally.

"Skaggs has a lot of stores and markets," they said. "Let's put it up to him. Nobody in the grocery and meat business can understand better than Skaggs what we are up against."

So a group of them, representing sheep men from all over the West went to see what Skaggs could do. They outlined their problem to him. They hoped to put thousands of lambs into quick and immediate consumption.

The idea fired the chain-store man's imagination. Here was a real opportunity to do an important job—to help his friends, the sheep men, and at the same time, offer thousands of housewives a real bargain. Every instinct of the merchandiser was satisfied in this opportunity.



Many thousands of lambs on which

The sheep men could promise speedy delivery. There would be no expensive delays in handling. The Safeway organization would accept delivery and provide prompt distribution.

Over night the drive was under way. Word went out to the store organization that a job was to be done. The advertising managers told the story in newspaper advertisements. Here was delicious lamb in generous quantity. Here were prices which every housewife found to her liking.

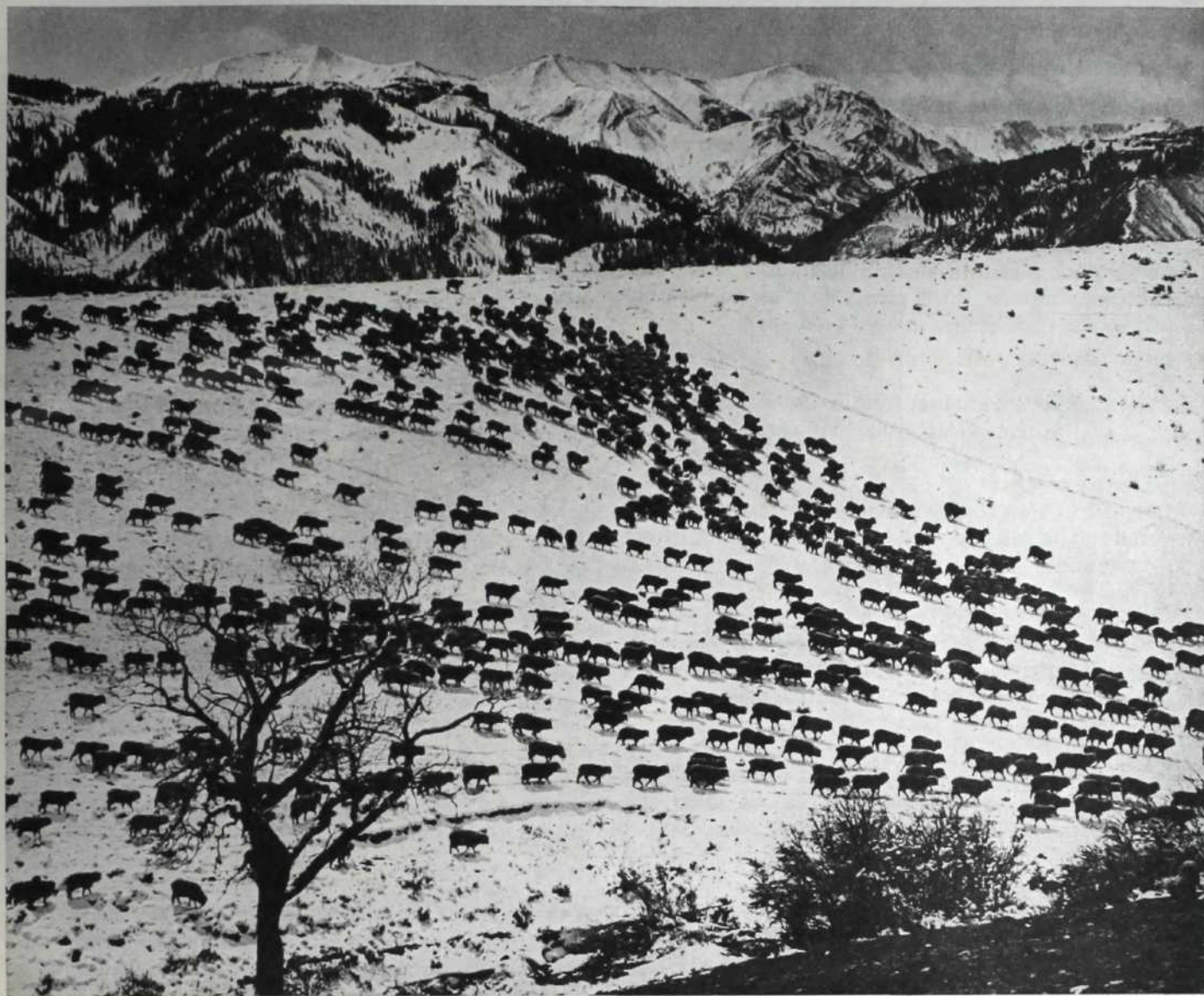
## Surplus lambs were easily sold

HERE was an entirely new conception of chain store service. Here was the chain store system using its size to do a big job for a big industry—a job which only a great organization could undertake successfully. What it was possible to do for the sheep industry might well be undertaken for many another hard pressed industry, needing quick relief.

Before the end of the month, it was apparent that the



# Chain Store's Job



CHAS. J. BELDEN, PITCHFORK, WYO.

the sheep men stood to lose heavily were put into consumption quickly and at attractive prices

drive on lamb was a great success. Thousands of lambs went into consumption and this was accomplished with no special sales organization. The sheep men paid no commissions or brokerage. They delivered their lambs. They received their money. Safeway made its fair profit.

"If necessary, we'd have handled the undertaking without profit, just to do the sheep industry a good turn," Mr. Skaggs explained. "But we did not do that. This piece of merchandising stood on its own feet. The sheep men did not ask for charity. It was an out and out piece of good business for the sheep men and for us. The housewife did not get meat at charity prices. She paid the right price under the circumstances. She profited by our great, wholesale purchase from the sheep industry. To that cost, we had to add only our handling charge and our regular profit, but when she looked at the price tag, she found she was buying a real bargain.

"This drive has done another thing—it has fired the enthusiasm of our store managers—it has opened their eyes as

well as ours to our opportunities. No sooner was the drive under way, than reports began to come in of all previous sales records being exceeded. Los Angeles, for instance, reported that, at the end of the second day of the drive, more than 125,000 pounds of lamb had been put into consumption. Oakland sold more than 65,000 pounds. San Francisco couldn't be given its allotment because so many cities and towns nearer the source of supply absorbed quantities beyond all expectations. But San Francisco did manage to get 40,000 pounds which it sold out rapidly.

## Selling when it is most needed

"FOR many years, we have had our eyes on the job of providing food for the housewife at a low cost. But now we see an entirely new opportunity—that of bringing to the growers and producers a gigantic merchandising effort at moments when they need it most."



# No Business Can Escape Change

★ **SIGNIFICANT** of the constant quest for new products and processes and for new uses for old products, was a recent letter from one of America's leading industrial concerns. It listed 192 new applications for the company's product—a list as imposing in ingenuity as in length

A NEW electrical machine for billing, pay-roll and other accounting work is said to multiply four times faster than any mechanical method. It will permanently record, multiply eight figures by eight figures in eight seconds. . . .

CONTROLLED electrical heat for hotbeds, offered by a new device, is said to root plants in half the normal time. . . .

A PHILADELPHIA bakery is finding new profits in a new pie, baked and packaged to resemble a generous triangle from a large pie, and selling for a dime. . . .

QUICK, tipless service is given by a new restaurant table. The guest checks a menu card, drops it into a slot, sees his meal rise on tiered trays in the center of the table. . . .

"RENEWABLE" soles grace a new line of sport sandals and moccasins. Soles, hand-laced to uppers, can be quickly removed when worn out, and new ones laced in place. . . .

RELATIVE humidity of the air in a room can be governed as closely as its heat by means of a new device for the control of humidifying equipment. . . .

A NEW safety rug, easily laundered, has a sponge rubber base which prevents slipping on polished floors, insulates against electric shocks on damp surfaces. . . .

A NEW clay brick, not yet available commercially, is so light it floats. It is said to be strong, impervious to water, a good heat insulator. It can be sawed; trim can be nailed to it. . . .

NEW copper is given the green coloration, or patina, of weathered copper in a few hours by a new process, expected soon to be in commercial use. . . .

A NEW movable, sound-proofed sectional steel wall, factory-fabricated and decorated, is designed to replace tile and plaster corridor and dividing walls. A hinged base carries telephone and electric wires. . . .

THE first all-metal office building in this country was recently completed in Richmond, Va. The frame is of structural steel, floors of steel plate, walls of aluminum. . . .

A NEW metal cleaning unit removes grease and oil from stampings, die castings and other metal parts through the condensation of vapor from a boiling solvent. . . .

A NEW vacuum tube is a thousand times more sensitive than the old in the measurement of minute voltages. It makes possible detection of a millionth of a volt. . . .

OPERATED from the driver's seat, a new safety device for motor trucks sprays grit in front of the driving wheels when wet or slippery places are encountered. . . .

A NEW tubeless rubber tire for tractors can be applied to standard solid-tire wheels, is said to give greater cushioning and traction than either pneumatic or solid tires. . . .

PUSHED against the open filler hole in a battery, a new container, for either water or electrolyte, automatically fills the battery to the correct level, then stops the flow. . . .

A NEW system of preserving lumber or wood products is said to give high resistance to rot or termite attack, to cause no discoloration or odor. . . .

A CONSTANT check on the weight of sheet-material products during manufacture is provided by a new device which gives instant warning of variation from the predetermined standard. . . .

WITH a new stereotype mat and process, plates are said to be produced with the speed and economy of the stereotype plus the printing qualities of the electrotpe. . . .

A NEW all-electric air-conditioning system for railroad cars uses a newly developed axle generator and storage battery for motive power, a new gas as the refrigerating medium. . . .

WATER-PROOF paper, produced by a new process, is said to be tough, durable, flexible, washable, capable of withstanding strong acids and boiling liquids. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—Material for this page is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business information into our offices in Washington. Further information on items mentioned here which are of interest in connection with your own business can be had by writing us.



# We're All for Economy—But!

Why efforts to reduce government expenditures fail

**T**HE 1932 appropriation for topographical surveys by the Interior Department was \$780,000. In its estimates for the fiscal year, 1933, the Bureau of the Budget reduced this sum to \$616,000. The House Committee on Appropriations cut it still further and when the Interior Department Appropriation Bill reached the House, the amount was \$366,000.

Representative Temple, of Pennsylvania, offered an amendment restoring the budget figure.

"I believe in economy," said he, "but I do not believe in disrupting government service."

And there's what makes so hard the job of cutting down government spending.

"We believe in economy, but—"

We believe in economy, but—we want to give our constituents anything they ask for.

We believe in economy, but—we want all the appropriations for our district that we can get.

We believe in economy, but—we don't want to see a Federal employee from, or in, our district lose a job.

Any reading of the debates in Congress on appropriation bills or of the records of hearings which preceded these debates will convince the most cynical that honest and courageous men are trying to reduce government expenditures as a part of the program of budget balancing. But their efforts are constantly confounded by the taxpayers' own chant, "give us economy—but give us service."

Representative Johnson of Washington summed it all up when he said to the House on March 16:

A couple of years ago I made a sharp



The Two-Man Saw

speech on this floor against the increase of federal extravagance. As I walked back to my seat the gentleman from Michigan, then chairman of the Military Affairs Committee, said to me, "You did not talk that way when you were appealing for and securing larger appropriations for buildings at the big military post in your district."

Ah, that's the rub. We have all been driven by the cry, "More! More!" and have been spurred by the query, "What has he ever done for us?" Right now some one is campaigning in your districts and in mine, that, if he is sent to Congress, he will do better, secure more appropriations for that particular district but will be very economic as to appropriations for other districts.

## The bureaus have friends

IF YOU feel that Representative Johnson is merely making conversation, listen to the debate on Representative Temple's amendment.

Said Representative Murphy, of Ohio, a member of the committee which reduced the appropriation:

Our committee feels that this is one government activity which can stand a cut. We know the Treasury needs the money. We know that no activity which touches the lives and the welfare of the great mass of the people will be affected in any way,

shape or form save only the loss of salaries given to those who are now connected with this survey.

Said Representative Swing, of California:

Mr. Chairman, I ask unanimous consent to extend my remarks by including a telegram from the Governor of California, a telegram from the State Engineer of California and a telegram from George T. Seabury, secretary of the American Society of Civil Engineers.

Consent being given, he introduced the telegrams which said in part:

Am informed appropriation bill reported to House proposed amount \$237,000 under the estimated offerings of state for cooperative stream-gauging and topographic map-

ping. Such a reduction would necessitate abandonment of stream-gauging stations with interruption of records and abandonment of topographic surveys initiated with furlough of scientific personnel trained through years of experience. This cooperative work has been initiated by the states upon pledge of Congress that it accepted principle of dollar-for-dollar cooperation and abandonment of the policy involves heavy loss.

Appropriation bill reported fails to meet estimated state offerings for cooperative stream-gauging and topographic mapping. . . . If bill passed as reported, . . . geological survey will be forced to abandon many gauging stations and furlough technical personnel which it has required years to train. . . .

Technically trained engineers, members of Los Angeles, Sacramento and San Francisco sections American Society of Civil Engineers adopted strong resolution and so advised you in support of urgent value of topographic mapping. . . .

The Temple amendment was defeated, but when the bill reached the Senate the appropriation was increased to \$466,000.

Said Senator McKellar, of Tennessee:

Mr. President, I know from actual experience last Monday that we cannot abol-



ish the bureau. It is impossible and it now appears it is impossible even to reduce the expenditures of any bureau. Instead, here is an increase of \$100,000. It is unwise, improvident, defenseless and it ought not to be indulged in; but I realize that the Senate is going to vote to keep up these appropriations not only to the limit but to exceed the expenditures of past years, notwithstanding the present condition of the Treasury.

And Senator Copeland, of New York, replied:

I do not know what may be the experience of other Senators, but I know I have many demands for these topographic survey maps. I would be very sorry indeed to see any reduction in the appropriation for this purpose of serving the public—and it does serve the public.

### Variant views of economy

THE writer is not for nor against topographic surveys or stream-gauging. He is merely pointing out if enough people—and it need not be very many—ask their congressmen for these things they'll get 'em. No one is against economy. Economy has no enemies. It is merely the specific manifestation of economy that has enemies.

Is it economy, for instance, to appropriate \$760,000 to remodel the old House Office Building? Representative Stafford, of Wisconsin, believes not. He said:

If we . . . are going to call the attention of the country to the fact that the members of Congress are willing to spend \$760,000 to provide additional quarters . . . we label ourselves right at the start of the session, fresh from the people at home who believe in economy and want us to practice economy, as proponents of an extravagant program.

To which Representative LaGuardia, of New York, replied:

I believe that every school of economic thought in this country today is in agreement that one of the proper ways by which the Government can stimulate work is by building projects at this time. The mere fact that a project is not immediately necessary is the best argument to justify working on such project at this time.

Is it economy to appropriate \$1,725,000 for government participation in the Chicago World's Fair Centennial Celebration?

Said Representative Fulbright, of Missouri:

In view of the conditions in this country and in view of conditions in foreign countries does not the gentleman think it is going just a little too far to ask for the enormous appropriation called for in this bill?

Said Representative Keller of Illinois:

I not only do not, but I think it will be a very great mistake to question the wisdom

of it for this reason: The industries in the United States have already agreed to put in more than \$6,000,000 themselves. As long as the industries of America, looking to the future, are willing to do that much, surely the American people can do no less than we are asking to do here.

And Representative Sabath, of Chicago, Illinois:

Is it not a fact that this exposition will create more employment and will tend to bring about an improvement in business and in everything else and is not that an underlying reason? And, is it not a fact that there is nothing that we can think of that will be of greater help to business and to our industries than this very exposition?

And again, is it economy for the Government to spend more than \$3,000,000 on the Bureau of Foreign and Domestic Commerce. Representative Tilson, of Connecticut, has this to say on that subject:

The suggestion has been made that in the interests of economy it would be advisable to close some of the foreign offices of the Department of Commerce in view of the decline in the foreign trade of the United States. This would be a short-sighted policy and such a move would be especially unfortunate at this particular time. The demands being made upon the foreign offices of the Department of Commerce are greater than ever before. There are many American firms which have abolished their foreign offices and who are looking to the Department of Commerce for advice and information which was formerly furnished them through their own branches. If the foreign offices are closed no one will be available to carry on the trade promotion work they are doing; no one will keep American firms informed of financial, tariff and legal developments which take place; and there would be no one to whom American business might turn for advice and assistance in entering foreign markets.

British, French, German and Italian firms would be greatly encouraged by this retreat of American effort in maintaining its foreign commercial position and would lose no time in impressing upon local business men that Americans are only interested in finding markets for surplus stock. All the effectiveness of the Government's foreign trade service would be nullified at a time when it is most needed.

Who shall decide what service is worth all and more than it costs? Certainly Congress has difficulty. What of Farmers' Bulletins? Here are bits of debate on the Agriculture Appropriation Bill which carried \$250,000 for farmers' bulletins. Said Representative Hogg, of Indiana:

I represent one of the best agricultural districts of the country. The farmers in my district are losing their farms because they cannot pay the interest on mortgages and their taxes. This Congress, in forcing unsolicited material on them through the Department of Agriculture, is not bettering their condition. They do not want to be tormented with such an abundance of unsolicited advice. They want less taxes.

Said Representative Manlove, of Missouri:

I know there is a growing demand among the farmers of my district for more information on the subject of agriculture as distributed through the agricultural bulletins. There has never been a year since I have been in Congress that it has not been necessary for me to call upon my city friends to furnish me additional agricultural bulletins . . . I have annual requests for approximately 5,000 Agricultural Year Books. . . . The Government does not expend any money that comes nearer placing the people of my district in touch with that thing which they call government than the money they spend for agricultural bulletins.

Said Representative Blanton of Texas:

There are scores of these bulletins which have no value whatever. If we could stop the editing of new ones and stop the publication of the ones which have no value we could economize a great deal. . . . I will state that last year my office mailed out approximately 90,000 bulletins to the farmers of my district. It was of great value but there were not over ten different ones which were especially called for. Out of the hundreds that are printed there are only a small per cent of them that are worth while.

Said Representative Adkins, of Illinois:

As to who will determine what are valuable, and what are not, those that may not be of any interest to the farmers in my district at all may be of great interest to some of the people in the cities in my district. Some people of my district check a bulletin that no farmer ever thinks of checking and sending in here. I do not know whom we could call upon to determine what scientific information should be printed by the Government. That is a new point to me, but I take it that all of these bulletins are of interest to somebody.

So long as Mr. Adkins' "somebody" evinces that interest and so long as Congressmen are human and eager for reelection, so long will bulletins be printed.

Said Senator Tydings of Maryland, protesting that a proposed fund to fight barberry bushes would increase an already large surplus of wheat:

Congress has already taxed the Maryland farmer for his proportionate contribution to this fund. Then more wheat is produced and he is denied the increased price which less wheat production would bring to him. So he is penalized twice.

Furthermore, if this thing is so important to the people of Iowa why do they not pay for it? Why do they come here to the Federal Government and ask the Maryland farmers to pay for it? We do not ask you to pay for diseases affecting the wheat over in our state. We have rusts and diseases and different sorts of things that apply to agricultural products. We are able to take care of ourselves. . . . We have more unemployed in Maryland than there are in all of Iowa. . . . We have thousands of people living on charity, yet the senator



comes along and wants us to pay taxes to go out and further depress the price of a commodity which he himself admits is already bringing less than the cost of producing it.

To which Senator McNary, of Oregon, replied:

Ever since I have been on the Agriculture Committee we have carried in the annual appropriation bill a very, very large amount to combat the chestnut bark blight which was found originally in Maryland. Maryland and Virginia have been particularly infested with it. The Government has spent in excess of \$50,000,000 to endeavor to combat the chestnut bark blight. Why tax the farmers of Oregon to pay for attempts to control the chestnut bark blight in Maryland?

### Small reduction of expenses

Perhaps we should quote Senator Tydings' reply, but space is limited and the point is made—that one man's service is another man's waste and that we are all guilty. If I get an appropriation you certainly deserve one, and if we join hands then government expenditures don't come down. We get nowhere condemning paternalism and extravagance and demanding appropriations.

Congress is making an earnest effort to reduce expenditures. The first five appropriation bills reported to the House carried these reductions from the 1932 figures: Department of Agriculture, \$49,421,289; Interior Department, \$12,637,254.40; State, Justice, Commerce, Labor, \$9,217,567.45; Treasury and Post Office, \$22,010,985; Independent Offices, \$264,801,736; a total reduction of \$358,088,831.85 under the 1932 appropriations.

These figures were presented to the House by Representative Byrns of Tennessee, chairman of the House Appropriations Committee. Compare them with some figures presented earlier by Representative Wood, of Indiana:

I was surprised, and I suspect many members of the House were surprised, and I feel that the country was astonished when the *Washington Post* published a statement setting forth the number of measures that had already been introduced in this House. We had then actually been in session about one month. These measures, if enacted into law, would authorize appropriations in the staggering sum of nearly \$30,000,000,000.

Every dollar of that \$30,000,000,000 represents a desirable government service to somebody who also favors government economy. So, for that matter, did every dollar, the spending of which resulted in the \$2,500,000,000 deficit which the Government now faces. In the name of service, we have added commissions, bureaus and departments un-

til, to quote Representative Baldrige, of Nebraska, "we are sure to fall by our own weight."

### Government grows fast

LET us quote the Representative further:

When our government was first formed there were four particular reasons why we had a national Federal Government. The first was for national defense; the next was for the creation of a national currency system. The third was to be the arbitrator for interstate disputes and the fourth was to create a national Government to handle and deal with foreign affairs. The purpose was to have a small, simple economical machine. Now let us see what has happened.

The expense of our federal Government in 1913 was \$749,000,000. In 1923 it was \$3,697,000,000. In 1931 it was \$4,220,000,000. Our national income in 1913 was \$34,000,000,000. One eleventh of that was spent for national expenditures. In 1928 our national income was \$81,000,000,000. One-

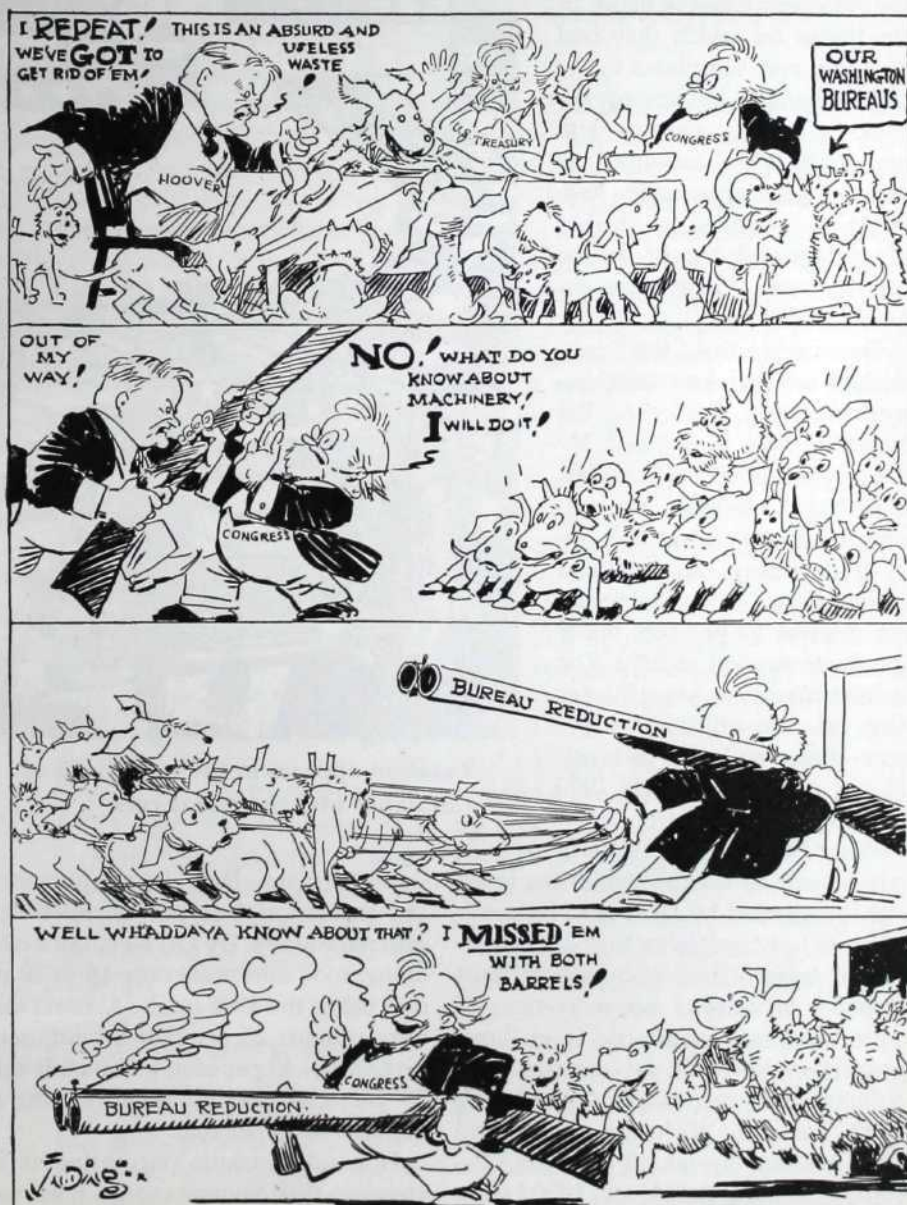
seventh of that was spent for our national expense. Last year one-sixth of our national income was spent for our national government.

Fifty-five per cent of our expenditures are fixed. We cannot possibly change them, because they are caused by past wars and preparation for future wars, but there is 45 per cent of our national expenditures that can be worked on.

Representative Wood suggests a way to work on them:

This paternalism that has been growing here year after year and mounting higher with each session of Congress should be brought to an end. The best way to do it is to correct the mistakes that we have made and do it now, when we have the best excuse in the world for doing so—when we have to economize wherever possible and chop off these paternalistic functions.

In other words, let's quit asking for service and keep in mind the words of a former President: "Just because something ought to be done is no reason we should ask the Federal Government to do it."



Getting Rid of Our National Pets



# American Business Tightens

By Raymond Willoughby

Of the Staff of NATION'S BUSINESS

**T**HE OLD LINE "Who comes without?" was usually good for a laugh at the answer, "Without what?" But the line went sour in 1931. America, feeling depression in its bones, was almost truculent in seizing any opportunity to specify its deficiencies and its sacrifices. As business knows to its cost, John Per Capita and Mrs. Per Capita denied themselves and the little Per Capitas many of the things for which they had regularly reserved places in the family budget. Parsimony became a virtue; patches and makeshifts were acclaimed as signs of good citizenship. Reclamation assumed a higher place than replacement. In the popular sense "thrift" was defined as hoarding.

How deeply this "fear" psychology affected American business becomes clearer as the record of 1931 is revealed. By the first of March the Standard Statistics Company had received reports from 898 industrial, utility, and railroad corporations. Their aggregate income was 49 per cent below the figure reached in 1930. The industrials alone were 52 per cent off, the utilities 6.4 per cent short, and the railroads 78 per cent behind their 1930 showing.

What the repression state of mind meant to the merchandising interests is suggested by Dr. Paul Nystrom's estimate last September that food stores in the larger cities were selling most items in amounts of not more than 25 cents. And sales resistance is in direct proportion to price, he declares. The ordinary customer wants "a quarter's worth" or less. With the national income working downward from the \$71,000,000,000 estimated for 1930, there was reason to guess the 1931 loss in purchasing power at 35 to 40 per cent of

the 1929 figure. But just as apparent is the conclusion that not all lines have suffered equally. By Dr. Nystrom's reckoning, food sales were only 16 to 18 per cent below the 1929 totals. Apparel sales were running 25 per cent behind, home furnishings 40 per cent, automobile sales 50 per cent, and domestic housing 60 per cent to 70 per cent.

If hand-to-mouth purchasing is increasing, then volume outlets must seek profits in skimmed milk rather than in cream. It is plain enough that the tight-

ening of the purse strings played into the hands of cobblers and repair services. "Never too late to mend," long embalmed among the decadent copy-book maxims, rose in its grave clothes to plague the merchandisers of new goods. The consumer has ruled his commitments by the need of the moment.

And it is not without its lesson that manufacturers, by demanding concessions in quotations on parts and materials, have encouraged these conditions. Many orders have been won only on margins that left scant hope for profits. The chisel, rather than the pen, has performed on the dotted line.

## Merchandising failures

THIS corrosive frugality has contributed abundantly to the commercial mortality. How severe the casualties in the merchandising sphere is disclosed in the predominance of the trading group in the total of insolvencies—20,170 out of 28,285 for 1931. Breaking down that figure, it appears that grocery and meat stores bore the brunt of the misfortune, with clothing and furnishing stores a close second. Other classifications unhappily conspicuous were dry goods, general stores, hotels and restaurants, and chemical and drug establishments. Of the year's total, manufacturing provided 6,412 failures, and agents, brokers and the like, 1,703 bankruptcies.

In all this weakness of the commercial flesh, some important symptoms were noted by R. G. Dun & Company. Volumes of sales made in 1931 by department and retail stores, taking the country as a whole, dropped 11.5 per cent from the total recorded in 1930, compared to the drop of 8.6 per cent in 1930 from the 1929 mark. Figuring the sales of goods distributed in 1929 at \$50,000,000,000, the volume for 1931 is put at \$40,000,000,000, a shrinkage of 20 per cent in the two years.

As prices declined, the consumer's dollar enlarged its command of the market. According to statistics compiled by the National Wholesale Grocers' Association, the consumer in Minneapolis in



Taxation appears in the novel rôle of a designer of light motor cars



# Up Its Belt

ILLUSTRATIONS BY D'ARCY



AS THE record of American business for 1931 becomes available, many men are studying it to find out what it reveals of the past and of the future. In this article some of the facts are listed, together with interpretations that may be of value in helping you to map your own course in the coming months



The purchasing power of the dollar in retail stores has increased enormously in two years

1929 paid in the retail grocery store \$1.98 for the following items: One pound of tub butter, five pounds of new potatoes, one dozen eggs, one pound of lard, one pound of Rio No. 7 coffee, one pound granulated sugar, one pound Blue Rose fancy rice, one can of peas, and one can of tomatoes.

In 1930, for these same goods the consumer paid \$1.71, a decrease of 14 per cent. In 1931, the price was \$1.22, a decline of 38 per cent from the cost in 1929 and 28 per cent from the 1930 charge.

In St. Louis, this same bill of groceries had cost \$2.04 in 1929. It had dropped to \$1.69 in 1930, a decrease of 17 per

cent. In 1931, the consumer paid \$1.32, a recession of 35 per cent from the 1929 charge and 22 per cent from that of 1930.

In Chattanooga, Tenn., these goods cost the consumer \$1.79 in 1929. They cost him but \$1.50 in 1930, a drop of 14 per cent. In 1931, they cost him \$1.12, a decrease of 37 per cent from the cost in 1929 and 27 per cent from the cost in 1930.

In Waterloo, Iowa, the consumer paid \$1.88 for this bill of groceries in 1929. He was able to buy them in 1930 for \$1.58, a decrease of 16 per cent. By 1931, the price had declined to \$1.14, a decrease of 39 per cent from the 1929 level, and 28 per cent from that of 1930.

In Cambridge, Mass., the consumer paid \$2.21 for these goods in 1930. They cost him only \$1.65 in 1931, or 25 per cent less. In Denver, the consumer paid for these same groceries, excluding the coffee item, \$1.60 in 1930. In 1931 he was able to buy the merchandise for 33 per cent less, or \$1.07.

## 37 per cent cheaper

THESE figures indicate that, in this merchandise, the purchasing power of the dollar in the retail grocery stores has increased enormously. In the two-year period, the average price in Minne-

apolis, St. Louis, Chattanooga, and Waterloo had declined 37 per cent.

The food industry has been more successful in adjusting retail prices to customers' reduced incomes than most other lines of business, according to an investment survey made in February by Frazier Jelke & Company. Food prices are 27.5 per cent lower than at the end of 1929 and only 14.4 per cent higher than in 1913; they dropped 16.6 per cent last year and are 48.2 per cent under the 1920 peak.

"As against December, 1929," the study continues, "clothing is down 15.5 per cent, furniture 15.4 per cent, fuel and light 11.1 per cent, rent 6.2 per cent and miscellaneous items 1.1 per cent. Compared with 1913, the miscellaneous list is up 105.6 per cent, furniture has jumped 67.2 per cent, fuel and light have advanced 58.8 per cent, rents have risen 42.4 per cent, and clothing is 35.6 per cent higher. It is obvious that other items in the family budget will have to be further deflated before they reach the new level of food and money incomes."

It seems worth suggesting that the market is susceptible to influence quite outside the acute inhibitions checking the action of prospective purchasers. The retarded growth of population provides a relevant text. The accounting firm of Ernst & Ernst brings its observation to a focus with this reasoning.

Since our population is not increasing so rapidly as formerly, the proportion of older people is increasing. As population



The all-you-can-eat plan revealed that diners wanted more desserts



is the nation's most fundamental "natural resource" it is inevitable that changes will also be forced in economic development and business expansion.

### Economic changes ahead

AMONG other possible developments in this connection, competition will become greatly intensified and merchandising will become a more acute problem than production; city real estate values might tend to fall and suburban values to rise; the rail rate structure may undergo changes; cost of service may become the basis for charges; the definition of luxuries may be altered and our spending habits may change, affecting banking. More immediately, in anticipation of a continued rapid expansion of population, industry as a whole may already be overexpanded.

Whether these profound changes signify less demand for children's goods and a slowing up in the acceptance of new things—of change for the sake of change—is a question much debated. Certainly the showing of some of the newer industries in a land with declining birth and death rates provides its own emphasis.

Asserting that not all classes of people have suffered from the depression, John Scoville, statistician for the Chrysler Corporation, points out: "Those with jobs and fixed incomes have increased purchasing power due to the price declines. In the following occupations we find that either more cars are being bought than were bought two years ago, or the decline in buying has been slight—teachers, caretakers, clerks, merchants, butchers, restaurant men, firemen, insurance men, newspaper men, policemen, sailors, soldiers, beauty parlor operators and government employees.

"A consideration of automobile prices shows that the long term trend has been downward, and the business depression of 1930 and 1931 has accentuated this tendency. The declining price trend was marked from 1927 to 1931. The figure for 1931 is \$568 which is ten per cent below the average price of \$630 in 1929. While the price has gone down, the speed, riding qualities, and performance of automobiles has been improved each year, so that the public can buy better cars for less money."

In similar vein ran the forecast of the *Annalist*:

"The automobile industry looks for an intense price competition in the low price field, and some of the more farsighted makers are considering the possibility that the total market for cars

has limits which have not previously been recognized—in other words that actual selling by Ford with his new models is likely not to increase the total sales of all makes for the year."

What cheaper automobiles mean in terms of steel industry profits is appraised by the *New York Sun*:

"The surface reason for disappointing results in the steel industry has been delay in the new Ford models, but the steel trade now concludes that the underlying reason for the whole thing is a fresh appraisal of the buying public, to the effect that the buying disposition or power is relatively light and that it will require very cheap cars to induce purchasers. The new Ford four is now expected to be much cheaper than the model displaced, and some other makers are expected to bring out new models to match the Ford eight. This is all bad news for the steel industry. Small cars do not take so much steel."

Taxation appeared in the novel rôle of a designer of motor cars by the interpretation of the *New York Post*, which reports that, to offset the tax threat, "three automobile companies are reported to be prepared to start production within a few months of midget cars if contemplated taxation programs succeed. No one is proceeding on the assumption that the bantam car is being created in answer to public demand; they are guided by the realization that



### Tightening of purse strings played into the hands of the cobblers

conditions may become abnormal, and that they must have a weapon to meet them."

Although radio has had the public ear for a good many years, this is the first full depression it has had to weather. When viewed by Raymond Brennan for R. G. Dun & Company, the still young industry has had a hectic career so far, but its worries have all been borne by those making and selling the sets. The

public has been the gainer at all times.

During 1931, prices on radio sets were, in the main, distress prices, based on the overproduction of 1929 and the adverse economic situation. Much of the price-cutting would have been done, if there had been no depression, because there were more radios than could have been sold at the list prices, even with continued prosperity.

The list prices of 1932 are about at the range of last year's distress prices. The industry has met the necessity for low prices by taking advantage of lower material costs, improving processes of manufacture, and reducing overhead.

While many retail dealers were forced from the field in 1931, owing to poor collections on the time-payment plan, the record was not so unfavorable as in some other lines of business. In the last six months of 1931, only 138 retailers and wholesalers of radio failed, with combined liabilities of \$2,106,772. Twenty-four manufacturers of radio sets, parts and accessories were included in Dun's record of insolvencies in that period, with the total liabilities running to \$1,496,694.

A big business was done in midget radio sets during 1931, and the high sales level was carried through January and February, 1932, with but little diminution.

As for the ancient business of housing, the National Association of Real Estate Boards reports these situations in various cities:

### Building has slowed down

"MANY residential units are now housing two or more families, who, when times get better, will need accommodations of their own."

"Families, running into the thousands, have doubled up. Under normal conditions we could just about supply the demand."

"In this area we would undoubtedly have no vacant home units if it were not necessary for families to double up due to reduced income."

"If our steel plants should begin operations at a normal stage there would probably be a shortage of single family homes here."

A count by the Kansas City post office through its carriers, made as of January 1 of this year, found in that city 5,059 such excess families. It discovered that, of all occupied single family homes in the city, 6.2 per cent are now housing one or more excess families. If all these were to move at the same time into individual quarters the per-

(Continued on page 64)



# The Taxpayers Prove Their Power

By MALCOLM C. CUTTING

CARTOON BY CHARLES DUNN

**A**LL over the United States the year 1931 was characterized by a swelling tide of indignation and protest against the constantly increasing expenditures of public funds, in state and local no less than in federal affairs. In a few states this protest was translated into effective action. Indiana, Iowa, North Carolina, Oregon were among the leaders in cutting millions of dollars from the cost of state and local government. Many other states inaugurated movements that will bear abundant fruit this year.

But throughout this record of tax reduction, the experience of Minnesota was unique. In the other states, savings were effected by legislative enactment, administrative economy, changes in the tax structure, extending in some cases over long periods.

Minnesota's outstanding achievement lay in the fact that it was accomplished entirely by the efforts of the organized taxpayers themselves. Without legislative or administrative aid of any kind, these embattled citizens staged a sudden, determined, one-year campaign which slashed local tax levies payable this year by the amazing total of \$7,800,000.

When Minnesota's biennial legislature adjourned in the spring of 1931, it had increased the state levy on general property 37 per cent for state expenditures and drafted an income-tax amendment—designed to redistribute the tax burden—to be submitted to the voters in the fall of 1932, with possible enactment in 1933.

No immediate relief in the way of tax reduction was apparent in this program. So the taxpayers took matters into their own hands and wielded the ax on local taxes themselves.

To recount in detail the story

★ **CAN** taxpayers do anything to relieve the burden of governmental cost? Minnesota answers, so far as local taxes are concerned, unmistakably, "Yes." As evidence, it points to the one-year campaign which slashed \$7,800,000 from this year's tax bills. Here is the story of that victorious campaign which was carried on by the embattled citizens without legislative or administrative aid of any kind



Minnesota's tax reduction was accomplished by the taxpayers themselves

of ever-rising expenditure which brought this revolt about would be but to repeat an experience known throughout the land where a tax on general property is the main source of public revenue.

## Taxes grow rapidly

IN Minnesota nearly 80 per cent of all taxes are derived from tangible property. From 1914 to 1930 the total tax levied on property increased from \$47,600,000 to \$131,000,000. This was an increase of 175 per cent, while the assessed valuation of all property increased only 29 per cent. As a result, the average tax rate jumped from \$32 to \$64 per \$1,000 of valuation. Measured by income last year, it probably doubled again.

Even more startling were the figures on public expenditure. While the total property tax was advancing 175 per cent, levies for general revenue funds increased 150 per cent, for highways 250 per cent, and for schools 250 per cent. Last year education alone took more than one-third of all property taxes paid.

But in Minnesota, as in most states, 90 per cent of the taxes paid on general property are devoted to purely local purposes—county, city and village, township, and school district. The state takes less than ten per cent of the property tax, though it



collects three times as much from other sources. Last year, of \$121,947,000 actually paid on property, \$10,797,000 went to the state, \$24,670,000 to the counties, \$34,575,000 to cities and villages, \$42,927,000 to school districts, and \$8,978,000 to the townships.

So it is apparent that, when Minnesota tackled the local tax problem, it was striking where the need was greatest. That was the situation two years ago when the taxpayers first began to mobilize.

### Expanding the organization

FOR a number of years there had been a Minnesota Taxpayers' Association, with representatives scattered over the state. Some of the larger cities had local associations or research bureaus devoted to their own municipal problems. Little was done in a state-wide way until the spring of 1930, when it was decided that every county should have its own organization, with membership in the state association.

By radio talks, newspaper articles and local addresses, the tax situation in all its menacing detail was presented to the people. J. F. Reed, president of the state association, devoted his entire time to this work. Beginning in July, 1930, he has delivered each week a 15-minute radio talk on taxes.

County associations were organized in the simplest form that would be fully representative and effective. All taxpaying groups are included in the membership, farmers, business and professional men. They are governed by the usual officers, with a board of directors representing the entire county, and an official delegate is elected to the state association.

But the active strength of the county organization reposes in a special advisory committee, with at least one representative in every township, village or city in the county. These representatives study the tax needs of their localities, see that all property is listed on the assessment rolls, examine local budgets and advise local officials where taxes should be cut. Upon their reports the board of directors can act with vision and dispatch.

By the spring of 1931, more than 40 of Minnesota's 87 counties had organized taxpayers' associations. With failure of legislative relief, local tax reduction became a leading subject of discussion in every township, village and city of the state.

Everywhere local officials were urged to reduce their budgets. In March when township meetings were held, a million

dollars was cut from the levies of the previous year. In July the county boards dropped a million and a half, and other units brought the total reduction to about \$4,000,000.

But this was not enough. It merely whetted the appetite of taxpayers newly apprized of their own organized powers. In far too many counties the local officials had disdained popular clamor and had cut their budgets little or not at all. So the taxpayers decided that the time for petitions had passed and began to apply a little novel pressure.

Up in Wright County, in September, 1931, was fired the shot that reverberated through state and nation. Here the county commissioners had refused to reduce their budget. A new farmer member of the board, Thomas Haverty, protested that the times demanded a radical curtailment of public expenditures. He was voted down with the cynical remark:

"You can't bring 25 people of the county to this court house who will say they want their taxes reduced!"

Haverty said nothing more, but began to make frequent visits among the farmers of the county. A local editor took up his cause, and an open letter was addressed to all taxpayers, farm and village alike, through the columns of the county's largest paper.

When the board met again 2,500 belligerent taxpayers were assembled to greet them. They organized a taxpayers' association, adopted resolutions on the mounting burden of taxation, and insisted that tax levies throughout the county be immediately reduced. The result was a saving of more than \$50,000.

Two weeks later, in Jackson County, a smaller but even more effective demonstration occurred. Here the county and township boards had already slashed \$70,000 from their previous levies. But the taxpayers weren't satisfied. They organized an association, and 500 of them advanced upon the court house. When the smoke of verbal battle cleared away, reductions by all taxing units in the county amounted to \$145,000, or 18 per cent less than the levies of the year before.

In Faribault County, on an early November day 2,000 farmers and villagers, members of the taxpayers' association, encamped on the court house lawn. Here the county reductions totalled \$179,000, or 20 per cent less than the previous year. Then followed Ottertail, Olmsted, Meeker, Freeborn, Stearns and other counties, each with its rally, its insistent demands, and substantial tax reductions as a result.

Not only where demonstrations oc-

curred, but in taxing units all over the state, budgets were hastily recalled and levies were slashed. At the end of the year it was found that the aggregate saving in local taxes—levied in 1931 for payment in 1932—amounted to more than \$7,800,000.

By taxing divisions, in round numbers, the reductions were:

Townships, \$1,700,000, or 17 per cent; counties, \$2,000,000, or 7.5 per cent; school districts, \$2,700,000, or six per cent; cities and villages, \$1,300,000, or three per cent. More than half of the school reductions and nearly half the municipal reductions were in the three counties where Minneapolis, St. Paul and Duluth are located.

Can taxpayers do anything to relieve the burden of governmental cost? Minnesota answers, so far as local taxes are concerned, unmistakably, "Yes." But the triumph is tinged with bitterness, because an increase in state taxation despoils them of half of all that they have gained. While local taxes went down \$7,800,000, state taxes on property went up nearly \$4,000,000. That is an obstacle, the taxpayers are determined, that will be removed another year.

In a campaign so suddenly conceived and rapidly executed, it could not be expected that reductions would be made in the most studied and efficient manner. The taxpayers were desperate; they were dependent wholly upon their own efforts; and they struck where the striking would be immediately effective.

### Economies are doing no harm

IN COUNTY and township levies, road funds bore the brunt of rural attack. Maintenance of established roads was carefully provided for, but new road construction was radically reduced. Official salaries and special service sustained a determined assault—and in most cases sustained it heroically and safely. Schools, the largest item of public expense, came through with a moderate cut. Municipalities, large and small, made a poor record.

But 1931 was only the beginning of Minnesota's tax-reduction campaign. This year 75 counties are organized, the taxpayers are wise, and they know the taste of success. Local budgets will be scrutinized with a care never known before, and next winter the legislature will learn that economy is the will of the people.

Minnesota's tax revolt may not be the best way to reduce taxes. But when it is the only way, criticism fails. Right or wrong it is wonderfully effective.





Though he could ill afford it, my father took 500 shares of our stock

# Confessions of a Capitalist

ILLUSTRATIONS BY EARLE B. WINSLOW

## PART III · Building a Fortune

**T**HERE is nothing about the story of my early business experience which could not be found in the early story of most business enterprises, and to the experienced business man it may seem dull. I relate it because I hold that it is the clear duty of the business community to educate the public in the science of business. Since politicians are determined to occupy their minds with our affairs it seems to me that we should teach them something about the details of business and thus help them to make decisions which have a measure of knowledge and fact behind them. Here, then, is the story of my business life.

In December, 1899, a friend, who had been for 20 years a sub-editor on a trade publication, obtained an option to purchase a monthly journal devoted to the interests of the hardware trade.

He approached my father. I was not then, in the business sense, worth approaching, but my father handed him over to me, and, with the consent of my old firm, I was allowed to develop the new business, while continuing as secretary and manager of the old.

I had little money—my friend had still less; we could not, by ourselves, buy the property. We, therefore, issued a

★ **A TRUE** account of a young man's struggles to succeed in the business world in which he explains the part played by the "idle rich," by competition, and by "profits." Could the job have been accomplished with less waste by government operation? He does not believe it could. This is the third article by a well-known business man.

prospectus in which we explained a wonderful scheme for financing and running a trade journal. We hoped to obtain the requisite capital from the retail iron trade. The iron men who bought from advertisers in the journal were to receive preferential dividends according to the amounts of their purchases. In this and other ways the scheme was quite unsound.

### Paid for in stock

WE gave the company a nominal capital of \$35,000 and issued the prospectus. The owners of the journal thought well enough of the scheme to accept the purchase price of \$7,500 in shares, with the condition that I should undertake to buy the shares over a period, I think, of seven years. In this connection, my life insurance came in useful as security. I give this part of the story in some detail as it illustrates

rather well what I shall have to say about risk.

It cannot be too much emphasized that, in the conduct of any industrial or commercial undertaking, risk is the vital element. Here was a great firm owning a nice little property and selling it for \$7,500 with a risk. In return for their risk, they obtained first, a chance of getting a good price for their property, and second, an order to print a journal. They took the risk that a young man of 24 might be able to earn money to pay them \$7,500 over a period of years. The arrangement has turned out well for both of us but in 1899 the chances were at least even that they might lose their money and that I might become bankrupt.

The next bad thing about a bad prospectus was the provision that it made with regard to myself. Under its terms, I was to serve the company for shares instead of cash. I was allotted



\$12,500 in stock and I was bound to act as managing director without further remuneration for five years. My friend made a similar arrangement; though, in his case, he only compounded part of his salary for shares.

The prospectus produced practically no response. I do not think that at the end of a week \$500 had been subscribed. We were in despair. At that stage I had a talk with my father, who, though he could ill afford it, offered to subscribe \$2500 in shares if we could induce some members of the hardware trade to take an equal amount.

My friend rushed round the country and, by strong, personal pressure, scraped together \$5000 in shares.

In March, 1900, we produced the first issue of our journal having behind us \$7,500 in cash capital and my undertaking to pay \$7,500 to the former owners for the shares they held in the company.

This was my first big debt.

The years from 1900 to 1907 were the hardest years of my life. After three years, my partner, who had acted as editor, died and I became both editor and manager.

By March, 1901, when our first balance sheet was struck we had lost more than \$4,500. By March, 1902, our second balance sheet showed a further loss of about \$1,000. The next year showed a profit of less than \$500.

### Precarious position

IT WILL be seen, then, that my financial position those first few years was, to put it mildly, precarious. The \$7,500 cash capital with which I started barely covered the difference between the debtors and creditors of the business. The first use of capital is, of course, to enable one to pay wages for months in advance before the sale of the finished article brings any income into the business. At the end of the first year I took to the practice of accepting bills.

Bills of exchange are at once the most dangerous and the most beneficial of all the devices of finance. They can develop a despotic tyranny as well as a friendly subervience.

For the benefit of the uninitiated, a bill of exchange is a document in which one

man declares that, in so many days, he will pay to another man a given sum. The bill has three parties associated with it—the drawer, the acceptor, and, if he will take a hand in it, the banker.

The drawer, having gotten the bill accepted, takes it to his banker to discount, and the banker will, as a rule, give the customer the amount stated on the bill, less the discount according to the bank rate of the moment. In discounting a trading bill the banker has the double security of the acceptor and the drawer. When the bill falls due he presents it for payment at the acceptor's bank. If it should be dishonored he returns it to the drawer—his customer—debiting his account with its value.

It will be noticed that in 1901, when I began accepting bills, I had little credit. My banker would not have been willing to recommend me for credit to the amount that I was then in debt. So I was thrown back, as every young man starting in business with insufficient capital must be thrown back, upon the generosity and judgment of other business men. Strictly speaking, I relied for my continued commercial existence upon that class of idle rich about whom so much nonsense is talked by politi-

cians and others. The idle rich, as shareholders and proprietors of paper and printing houses, were willing to allow me to buy printing and paper on long credit, the prices, of course, being adjusted to cover the risk.

### Writing down the capital

HOWEVER much one may criticise their position, these persons rendered to me and, as I claim, to the community a real service.

After I lost \$4,500 that first year, my balance sheet was distinctly uninviting and, it will be remembered, it was encumbered with an item of 2,500 shares held by me for five years' services. The position was so serious that some writing down was necessary. I therefore allowed my shares to be cancelled.

In place of these shares I made an arrangement which offered very little immediate return but has since produced three-quarters of my income. I made an agreement with the company whereby I was to receive \$1,500 a year and, in addition, a quarter of the profits remaining after a dividend of ten per cent had been paid upon the shares issued. The shareholders were content because it gave them some prospect of a dividend. They were sure of a ten per cent return before the man who was working the concern obtained anything worth having for himself.

When another year had passed and a further \$1,000 had been lost the position was apparently worse. By this time \$5,500 out of the original \$7,500 working capital had gone completely. This meant that our liabilities must not exceed our assets by more than \$2,000, an impossible position which was negotiated by the intervention of the bill of exchange.

At this stage, I had endured two years of hard struggle and I felt that things were moving in the right direction; but it was hardly to be expected that shareholders would take the same view. At the end of the second year one of my shareholders with \$500 in shares, having received no return upon his money, suggested that I buy him out. I had nothing with which to buy him out but I had no bad mark against me at the



Strictly speaking, my business existence depended on the idle rich who are so constantly berated



## See your salesmen as your customers see them



Many leading firms have found that there are definite dollars-and-cents reasons for providing salesmen with new six-cylinder Chevrolets. There is, for instance, the impression made on customers. The smart appearance of the new Chevrolet naturally induces a favorable reaction in the man who views the car, for it proves, in no uncertain manner, the progressiveness of the firm that buys such modern equipment. Moreover, supplied with these handsome, dependable cars, salesmen take greater pride in the company they work for, and are more alert to watch its interests. Chevrolet's six-cylinder smoothness, speed and power; the handling ease of Syncro-Mesh gear-shifting combined with Free Wheeling; and the comfort of the new Fisher bodies, speed up the mobility of a sales force considerably, and keep the men fresh and energetic. And Chevrolet's low first-cost and *unexcelled* economy have proved to be effective aids in reducing selling expenses.

CHEVROLET MOTOR CO., DETROIT, MICH.  
*Division of General Motors*

*CHEVROLET PASSENGER CARS are available in twenty distinctive models. CHEVROLET TRUCKS are available in a wide variety of body types. Low delivered prices and easy G. M. A. C. terms.*

# CHEVROLET

SIX-CYLINDER PASSENGER CARS AND TRUCKS



bank of any of my customers, and at my own bank, when a check was drawn or a bill matured, sufficient money was always there to meet it. So I had acquired a certain amount of that indefinite but essential thing known as credit.

I was, therefore, able to buy those shares, giving four notes of \$125 each, payable at three, six, nine, and twelve months. The shareholder took some risk in transferring the shares to me on these terms, but his view was that the notes appeared to be a little more valuable than the shares.

### Buying out the investors

AS THE knowledge of this transaction spread, my shareholders one and all approached me in the hope that I would treat them in the same way. In the course of three or four years, therefore, I had bought all the shares that had been issued originally on the prospectus, except my father's and the former owner's. I was then making some progress, but chiefly in the direction of extending my credit. My bill-book was my chief concern. Reduced to simple terms, my regularly recurring problem was how to pay \$500, finding somebody of whom to borrow \$450 of it and using \$50 of my small savings to meet the remainder. In this way, although my total commitments were constantly mounting, my assets were mounting even faster and the difference on the right side was getting always a little greater.

About this time—my records are missing, but I think it must have been in 1903—I paid off the former owner in the same way with notes.

In this way I had acquired complete responsibility for the business and become practically the sole owner.

By the time the company was making profits, those profits were, for the most part, mine.

As a result of my business experiences I hold strong views on the theory of competition. In 1900, one of the foremost trade papers in the land, if not in the world, was already in the field. I was out, frankly, to beat this paper. Day by day, with subscribers and advertisers I was engaged in argument as to the respective merits of the two papers. The competition always has been definite and serious and yet here are the figures of the pages of advertisements published by the two journals at the beginning and the end of 20 years. The number of pages of advertisements is a rough but fairly accurate gauge of the position of a newspaper and the size of its business.

### PAGES OF ADVERTISEMENTS PUBLISHED

	1901	1920	Increase per cent
Opposition . . . .	5,344	10,824	100
My paper . . . .	971	7,850	800
Total	6,315	18,674	

The result of my competition has been to double my competitor's business. In the meantime I have multiplied my own business 800 per cent. The



**My friend rushed about the country and scraped together \$5,000 in stock**

market in hardware journalism, so far as it can be gauged from advertising, has grown from 6,315 pages to 18,674 pages. The amount of money involved (and here, of course, I have to calculate roughly, because I have no access to the ledgers of my competitor) was in 1901 about \$175,000 and in 1920 approximately \$900,000.

It must be assumed that this money is, on the whole, well spent, and that it therefore represents a much larger amount of business which results from all this advertising. If, for the sake of argument, we assume that the hardware trade allows five per cent for advertising, then there was transacted, as

a result of the 1901 advertising, \$3,500,000 worth of hardware sales. On the same basis the amount of business for which these papers can claim responsibility in 1920 was \$18,000,000.

Following this speculative argument to its conclusion, the most obvious result of this competition has been to add \$14,500,000 to the business of the hardware industry.

This is probably an underestimate.

It is not difficult to imagine what such figures mean when translated into terms of wages and employment. I have the satisfaction of knowing that my journal alone pays some \$200,000 a year in wages to those directly engaged in its production. An almost equal amount goes into the wages fund through more indirect channels.

My early struggles are in every way typical of all business growing-pains. There are thousands of young men who ought to be encouraged to undertake the same kind of struggle. There are enough real difficulties to make the task sufficiently formidable and to make the number who will essay it dangerously small. Therefore it seems to me to be the height of folly that we, as a community, should make work of this kind doubly difficult by creating restrictions and barriers.

The problem I tackled in 1900 was easy compared with similar problems today. If I had had to waste all the time in 1900 that I now waste in filling out forms, I am convinced that I should have given up.

### Hindering individual effort

IT IS too little realized that business depends upon a constant supply of new men and new enterprises to replace the deterioration of the old, and to add that new service which must be available year after year if the standard of living is to rise. That supply of new men is being dammed up at the source by the modern theory that the state machinery can take the place of individual effort and individual profit.

The first and by far the most important function of profit is to balance loss. In calculations with regard to profits, therefore, it is necessary to bear in mind that there are losses to be set against them. The income tax figures, the dividend figures, the reserves, the bonuses, and all the other items that are used by those who argue about profits, are wrong if they fail to consider this matter of loss.

The one big argument for leaving profits in the hands of private individuals  
(Continued on page 90)





# His best worker *drinks plenty of water*

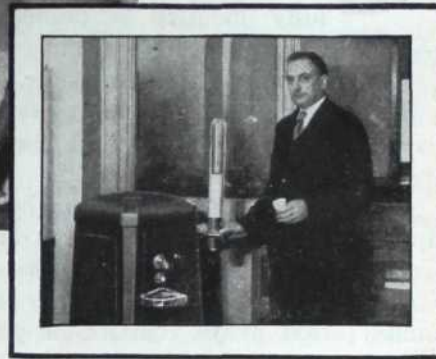
OFFICE MANAGERS FIND FRIGIDAIRE PROFITABLE INVESTMENT

Water is important to health and if your employees do not drink adequate amounts of water, their efficiency is affected. The reasons why most people do not drink enough water are because it is either too warm, too cold or the supply is not convenient.

Frigidaire Water Coolers will correct these conditions in your office by furnishing an unfailing supply of properly cooled water in convenient locations. Better office-health will be promoted. Greater efficiency will result. And, in addition, Frigidaire reduces your water-cooling expense and eliminates all

the muss and inconvenience of old-fashioned methods.

Frigidaire has set a new style in water-cooling equipment. The smartly designed cabinet is very compact and finished in a neutral shade of durable Duco. Frigidaire is incredibly quiet in operation . . . the cooling unit is an improved type which makes for quick, efficient cooling . . . and the sturdy mechanism is provided with the EXTRA POWER which insures a surplus of cooled water always. Many special features have been added . . . send for booklet. Frigidaire Corporation, Dayton, Ohio.



*"Its operating cost is negligible . . ."*

—Amalgamated Association of Street & Electric Railway Employees of America, Providence, R. I.

"Frigidaire enables our force to get a drink without the inconvenience of stepping outside of the office. This is a time-saving feature which means money to us. We feel Frigidaire is a health-maintaining factor. It undoubtedly encourages much drinking which doctors prescribe as a healthful practice. The operating cost is negligible . . ."



A NEW TYPE FAUCET is a special feature on all models for cooling bottled water. So convenient, a glass of water can be drawn with only one hand. There are also models for connection to city water lines. Some models have a special refrigerator compartment for keeping beverages, lunches, cigars. Many other features have been added.

## FRIGIDAIRE WATER COOLERS

*Equipped with a Refrigerating Unit that is Guaranteed for 3 Years*

*When writing to FRIGIDAIRE CORPORATION please mention Nation's Business*



# Home Owners Turn Weathermakers

**SINCE** earliest times we've tried to make our habitations comfortable regardless of the season. Now comes a new industry which promises to make our efforts, for the first time, wholly successful

**C**ASTING ambitious eyes at a potential market variously valued at from one billion to five billion dollars, a young but lusty industry is proffering American home owners something for which man has been striving since his first emergence as a comfort-seeking creature, something which until now he has only partially achieved.

This budding industry is in the heating and ventilating field and its product is domestic air-conditioning, "manufactured weather" for your home and mine, perfect indoor comfort the year round.

It is an industry which, so its champions say, may well lead the country out of depression as did the automobile industry in 1921.

Past achievements of manufactured weather in the industrial field lend some credence to their belief.

Air-conditioning—defined by the American Society of Heating and Ventilating Engineers as "the science of controlling the temperature, humidity, motion and cleanliness of the air within an enclosure"—had its beginning in the textile mills. Before it was introduced climate had greatly influenced the location of these mills. Extremely dry climates caused the threads to become brittle, to break and tangle. The machines functioned satisfactorily only when humidity was right.

Finally, in the 1890's, atomized sprays of water were used to moisten the air and the textile spinning industry was released from the strictures which had bound it largely to a few localities in New England and England.

The brewing industry, at about the same time, developed a system for moistening air on malting floors by



COURTESY FRIGIDAIRE CORP., DAYTON, O.

**Home air-conditioning offers warmth in winter, coolness in summer, and properly humidified, cleansed and circulated air the year round**

passing it through coke filters over which water trickled.

Control apparatus and better humidifying methods were introduced in 1905. With the continued improvement of this equipment came the freeing of other major industries from climatic limitations as to location, and the removal of handicaps which varying weather conditions had previously imposed.

## Profound industrial effects

TOBACCO manufacture, in which control of humidity is essential if wasteful crumbling and deterioration is to be prevented, was made possible in the South, close to the source of the raw material. Other early applications were found in the drying of photographic film and gelatin capsules. Later, air-conditioning made possible the development of the rayon industry, for close control of temperature and humidity is essential in the handling of viscose and rayon thread. Today the baking, candy, drug, printing, bottle-cap, milling, wood and tanning industries are among the more than 200 industries

which find air-conditioning important if not essential. Some 3,250 American industrial plants now have modern air-conditioning. While requirements of industrial processes have dictated most of these installations, increased employee efficiency is becoming a consideration.

But, while air-conditioning was gradually finding application in industry, it attracted little public attention until it entered the theater field. The first efforts at cooling theaters utilized the newly developed mechanical refrigeration machine. While this system left much to be desired in the way of real comfort, it was immediately successful from a box-office standpoint. One such early installation, costing \$65,000, returned the enterprising theater owner increased receipts of \$70,000 during the first summer he operated it.

It was not until about 1923, however, that the problem of economically cooling theaters and at the same time of independently governing the humidity was solved. This achievement opened the way to modern air-conditioning. Development thereafter was rapid in the theater field, and today some 300



# In **W**orldwide Market and **V**illage Mart

*Perfect-O-Lite and Parkison  
are Building Greater Sales*



THE ABOVE PHOTO shows the large-scale direct mail selling operations used in the successful marketing Perfect-O-Lite throughout the United States and several foreign countries.

Part of the Hachmeister-Lind Co. Addressograph and Multigraph equipment is shown below. They contact and correspond with agents by means of highly personalized letters, economically Multigraphed and Addressographed at the rate of 125,000 every 24 hours. Sales are constantly increasing.



PERFECT-O-LITE, the safety invention that doubles automobile driving light, and the great Hachmeister-Lind factory, are shown above.



IN THESE TIMES is it possible for business to develop . . . increase sales . . . expand its markets . . . secure greater profit . . . despite merciless competition and general increased buying resistance? Emphatically yes! . . . if proved, efficient, economical sales and office methods are used. Characteristic examples of businesses that have accomplished recent sales increases are the Perfect-O-Lite Division of Hachmeister-Lind Co., Pittsburgh, Pa., and Parkison's Store, Percival, Iowa.

President Harry Hachmeister writes: "In our international marketing of Perfect-O-Lite, we have enjoyed business increases graduating upward every month. We are extensively using Direct Mail, produced and mailed with Addressograph and Multigraph, and are enjoying splendid results."

Mr. J. L. Parkison, selling general merchandise at Percival, Iowa, writes: "Because of heavy competition, and because we thought our market very limited, we did not believe our business could be increased. However, after putting Addressograph and Multigraph direct selling methods into action for two years, our records show we have secured a 40% increase in trade."

Your business, likewise, will respond to the stimulus of Addressograph and Multigraph direct selling. You will develop new customers. Inactive accounts come to life. Yearly average sales per customer increase. Selling costs lowered. Profits increase. Ask a representative to prove, *without obligation*, that you can secure these results in *your* business . . . now.

Addressograph Company • Multigraph Company  
Divisions of

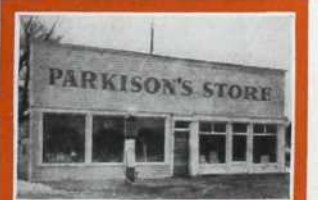
Addressograph - Multigraph Corp.  
1814 East 40th Street .. Cleveland, Ohio  
Sales Agencies in Principal Cities of the World



MR. PARKISON'S Addressograph and Multigraph sell general merchandise in large volumes.



PARKISON'S STORE is in a village with less than 100 population. Despite heavy competition, he has increased his business 40% in two years! Mr. Parkison is shown with his low-cost Addressograph and Multigraph equipment above. His store is at the right.



**VALUABLE BOOKLET FREE!**  
"EXPERIENCE" is published to acquaint business men with proved methods of reducing expense and securing greater profits from sales today. It is filled with actual experiences of companies that are using new methods to secure greater earnings from their business. It is valuable . . . it will help increase your profit volume . . . write for free copy now!

**Addressograph**  
TRADE MARK

**Multigraph**  
TRADE MARK



in the United States are so equipped. Future possibilities are suggested by the fact that, of the 14,000 theaters in the country, more than 2,500 are deemed large enough to warrant complete air-conditioning installations. The remaining 11,500 offer a large field for unit conditioners.

Department-store installations followed those in theaters, the first being credited to the Hudson Stores in Detroit, in 1926. More than 25 installations have been made in large department stores since then, and some 100 installations in smaller stores. In 1929, the Milan Building was erected in San Antonio as the first completely air-conditioned office building. Installations in public buildings, restaurants and hotels have been numerous since then. More than 400 buildings now have large central installations.

### New factor in transportation

THE first railroad passenger-car installation was made in the spring of 1930 by the Carrier Engineering Corporation on the Baltimore and Ohio diner "Martha Washington." Later in the same year the Atchison, Topeka and Santa Fe had installations made, and in 1931 the Missouri, Kansas and Texas. Last year, also, the Baltimore and Ohio introduced the first completely air-conditioned train. Now this road is equipping 78 additional cars, the Santa Fe has ordered 22 systems for its entire transcontinental diner service, the Southern Pacific has ordered 14 air-conditioned cars, and the Pullman Car and Manufacturing Company is reported working on installations in a number of cars.

Air-conditioning is even going to sea, with the *Mariposa* of the Matson Line leading the way, and four other new American passenger vessels reported installing air-conditioning equipment.

But despite the lengthening list of applications of air-conditioning in factories, stores, theaters and other buildings, by far the largest market is seen in the apartment and home fields.

"Leading heating and ventilating engineers," says the Copper and Brass Research Association, "look to a day perhaps within five or ten years when it will be as common to provide cooling in summer and year-round control of humidity in homes as it is to provide winter heating today. Air-conditioning and cooling systems are expected to supplant present winter heating systems."

Demand for home air-conditioning is being cultivated quietly and effectively through the practical demonstrations

which thousands of American home owners daily receive in stores, theaters and commercial buildings. The clean, properly humidified and circulated air in these places both winter and summer serves as its own argument for creating similar conditions within our own four walls.

But a mere pleasant atmosphere is not the only advantage claimed for home air-conditioning. Proper humidification, an essential feature of proper air-conditioning, alone promises better health, fuel economy, less dust, and longer life for furnishings and woodwork.

From the health standpoint, authorities point to an increased death rate of at least 30 per cent during the winter heating season, largely a result of respiratory infections, a considerable proportion of which may be traced to the super-dryness of the air in most homes. In such air an excessive amount of moisture is rapidly evaporated from our respiratory tracts, irritating the membranes and increasing susceptibility to respiratory diseases. Hot, dry air also tends to coarsen and chap the skin, and causes hair to become brittle and lose its sheen, they say.

Greater fuel economy results from the fact that, with the air properly humidified, we are comfortable at lower temperatures. The rapid evaporation of moisture from our bodies caused by dry air and the chilliness which results from that process are checked. Normally clothed, the normal person is comfortable at a temperature of 68 degrees and a relative humidity of 45 per cent. When relative humidity—the amount of moisture actually in the air compared to what the air can hold at a given temperature—falls below 45 per cent at such a temperature evaporation is accelerated, we feel "chilly" and fire up the furnace or call the janitor for more heat. And for every degree above 68 at which we keep our homes, it has been estimated, we add four per cent to our fuel bills.

### Air must quench its thirst

THIS continuous evaporation in the overheated home is by no means confined to our bodies. The thirsty air drinks moisture from every available source—rugs, curtains, bed coverings, walls, woodwork, the glue in furniture and even from bookbindings. Millwork shrinks and cracks, furniture squeaks or comes apart, pianos lose their tune. Proper humidity checks or eliminates all this.

Conversely, in summer, proper air-conditioning will leave us neither heat

nor humidity to complain of. The air inside our homes, with its moisture content lowered, need not be cooled greatly to give us relief from outside heat. The maximum satisfactory variation between exterior and interior temperatures, in fact, is but 15 degrees.

Cleaning of the air, another integral part of complete air-conditioning, also offers important advantages in health, comfort and cleanliness. Present air washing and filtering equipment will remove 98 or 99 per cent of the dust and dirt from the air.

### Variety of systems available

CIRCULATION of the air, the final essential element in complete air-conditioning, provides for uniform distribution of the conditioned air and is provided by fans and ducts in the central installations.

A variety of systems and equipment is already available for the home owner and manufacturers and engineers are constantly adding to the list.

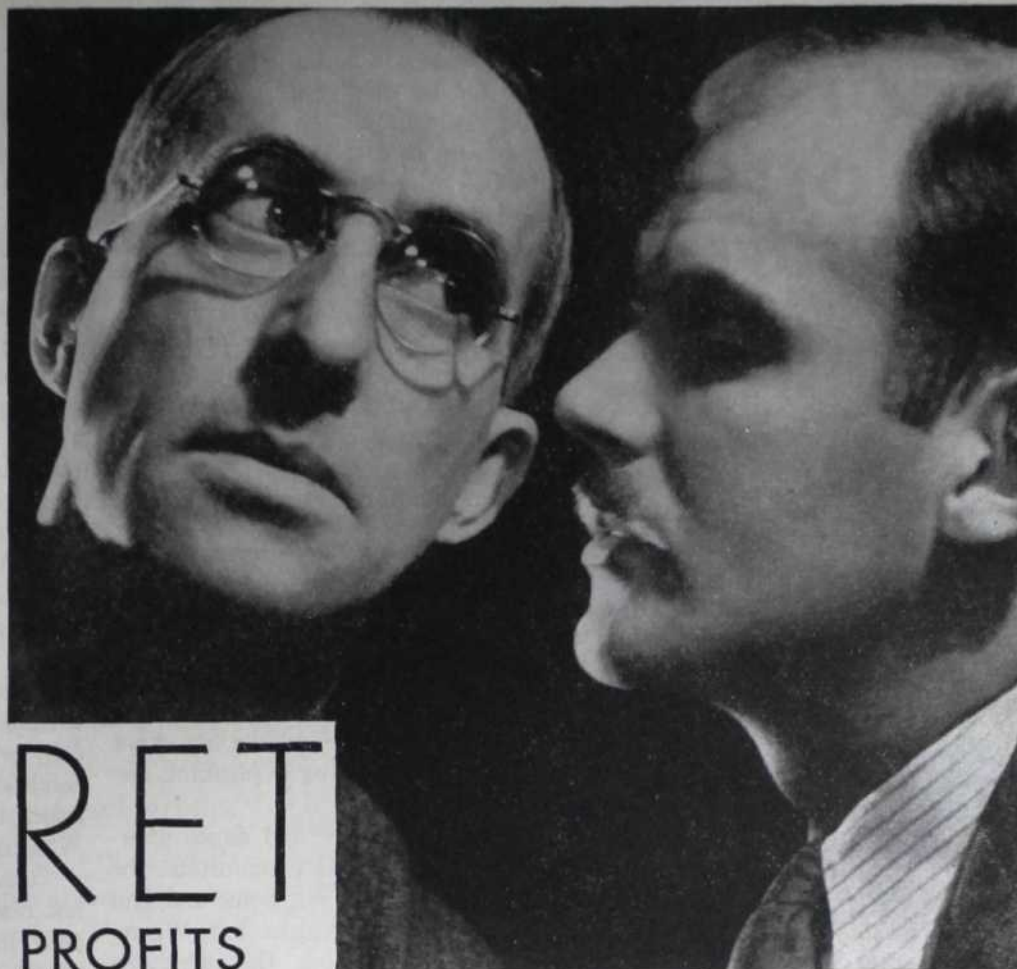
Electricity, gas, steam and ice figure in these various types of conditioning apparatus, but chiefly the first two so far as the home field is concerned. Electricity has played a vital part through the instruments which make possible automatic and accurate control and the driving of pumps and blowers which force water and air through the system.

The essential elements of most of these installations are a properly designed fan or fans to move the air, a cooling surface (either a refrigerating coil or, in cases where the temperature of tap water is sufficiently low, a water spray) for summer use, a heating source for winter use, filters or washers to remove dust particles, and suitable means for distributing the air evenly. Winter humidification is provided either by sprays, or by heating water nearly to the boiling point and thus increasing the natural evaporation rate. Dehumidifying in summer is variously accomplished, in some cases simply by cooling the air—since cooling causes air to yield part of its moisture content—or by absorption of the moisture, as in the use of Silica Gel.

In addition to the larger central installations embracing these essentials, a number of unit-type conditioners have been developed for single rooms, as well as many smaller and even portable devices which serve one or more of the purposes of the complete installation.

So much for the mechanical side, which at best must be covered here in general and sketchy fashion. Now, if





# THE SECRET OF SOME PROFITS

Some companies are making good profits despite today's lower price levels and extremely competitive selling. Just how they have done it is seldom mentioned above a whisper.

These companies enjoy a vital advantage over their competitors because they have not been satisfied with the limitations of standard production machinery and methods common to their industries. With our help they have looked for weaknesses in their production, found them and remedied them, with amazingly effective and far-reaching results.

For some of them we have built special machines to replace slow, wasteful hand operations. For others we have speeded production and cut costs by improving the performance of their present machinery. Improved products, lower production costs — the results have been varied and often astounding.

Naturally these manufacturers are not shouting the facts from their roof tops. Our work in their plants is confidential, but we can give you enough proof to convince you that our knowledge of automatic machine operation may prove equally valuable to you. Write Special Production Machines, 67 Newport Avenue, Norfolk Downs (Quincy), Massachusetts.

## *Special* PRODUCTION MACHINES

*A Division of* PNEUMATIC SCALE CORPORATION, LIMITED

*For over forty years, Pneumatic Scale Corp., Ltd., has manufactured automatic labor-saving machinery for many of world's largest producers of merchandise*



# Free TO OFFICE MANAGERS



## This Fire Hazard Report on your Records

**N**EVER had a fire in your business? You're lucky! For greedy flames lick through 138 business fires every single day. And 43% of these never resume business! Why? Because, in many cases, their records burned. Without records business stopped. And without records as proof of loss, insurance adjustments were necessarily delayed.

Fire hits without warning in good times—or—bad. Will you be prepared if it strikes at your business? You can be. Very simply, too. Just mail the attached coupon—and we will be glad to send you a free survey of your valuable records. It's "locking the barn before the horse is stolen" if you make that check-up now. You incur no obligation by sending the coupon.

## Art Metal

STEEL OFFICE EQUIPMENT

ART METAL CONSTRUCTION COMPANY,  
DEPARTMENT 67, JAMESTOWN, N. Y.

I would like to have a free Fire Hazard Report for my records.

SIGNED .....

FIRM NAME .....

ADDRESS .....

When writing please mention Nation's Business

we grant that air-conditioning will become general in our homes and business places, what will be the results?

On the personal side, perhaps something like this. We—or the more prosperous among us, at least—will arise refreshed from sleeping in an air-conditioned bedroom. We will breakfast in similarly conditioned air, and will observe that the cut flowers in the center of the table, which formerly faded in a day or two, now keep fresh for a week. If suburbanites, we will commute to the city in air-conditioned railway cars, free from smoke, cinders and odors.

### Conditioned air everywhere

AT our office, we'll find the same comfortable, invigorating atmosphere. At lunch, the restaurant will be similarly air-conditioned. Perhaps the wife will join us in the evening, fresh and fit. There has been little cleaning or dusting to be done at home and she has spent the afternoon shopping in pleasant, air-conditioned stores.

We visit a theater and dance afterward, keeping cool and comfortable the while. We return to our home and find it as pleasant as when we left. We retire without opening the windows, which we now use only to admit light or pleasant views. Naturally, no window screens are necessary.

Since our homes are now uniformly comfortable throughout the year, we have little reason to leave them for the seashore or mountains in summer or for warmer climates in winter. It is here that home air-conditioning begins to affect other and at first glance unrelated businesses—another manifestation of the "new competition" which those businesses may well consider.

Summer and winter resorts will lose some of their attractiveness. Cities will become more desirable places in which to live. Some towns, now deserted in summer by all who can seek cooler climates, will hold their citizens throughout the year. Transportation agencies will suffer as the hegiras of these people, hay-fever sufferers and others who travel for similar reasons of comfort, dwindle.

Amusement places, no longer the city's sole refuges from the heat, will be affected. The evening automobile ride "to catch a breath of air" will be unnecessary, with consequent far-reaching effects on the market for gasoline and automobiles. Electric fans, as we now know them, will also be affected, for they will no longer be necessary to stir up the air in our homes.

On the other side of the ledger we may reckon an increased interest

in the home and home furnishings.

Electric and gas companies visualize a new and most promising potential load builder, both in winter and summer. The effects on such companies' revenues if air-conditioning becomes general can easily be imagined.

The brightened prospects of heating and ventilating engineers and manufacturers have already been mentioned, but going back of them we find air-conditioning already requiring three million pounds of copper every year, to say nothing of the vast amount of other metals and equipment and of the man power necessary in bringing all these materials together into the finished installation.

Home designs will be affected drastically. Architects even now are including specifications for air-conditioning equipment in plans submitted for many of the more expensive homes. Insulation will become more important. As close as may be, our homes will be hermetically sealed. Perhaps it was with air-conditioning, among other things, in mind that the Home Conference in Washington reported in January:

"The small house in the future will not resemble any of the houses of the past. It will cost one-half as much and be far more efficient."

### Overcoming high costs

**S**PEAKING of cost, installations now on the market cover a wide range of prices. Until about a year ago the expense factor was one of the main obstacles in the way of domestic air-conditioning, but with equipment since placed on the market and now being developed this handicap is being overcome. Technical difficulties have largely yielded to engineering skill, though care should be exercised by the prospective purchaser to obtain competent advice both on the type and proper installation of equipment best suited to the space requirements and other peculiarities of his own home.

Summing up then, we have in domestic air-conditioning something which offers us definite advantages in health, comfort and convenience, something which has been advanced to the practical stage technically, something which is within the range of the purses of both large and small home owners, something which can be adapted to most old homes as well as to those yet to be built.

There seems to be, then, solid substance behind the view that we have here a most promising young industry, if not indeed an industrial Moses to lead us out of the wilderness.—P. H. H.



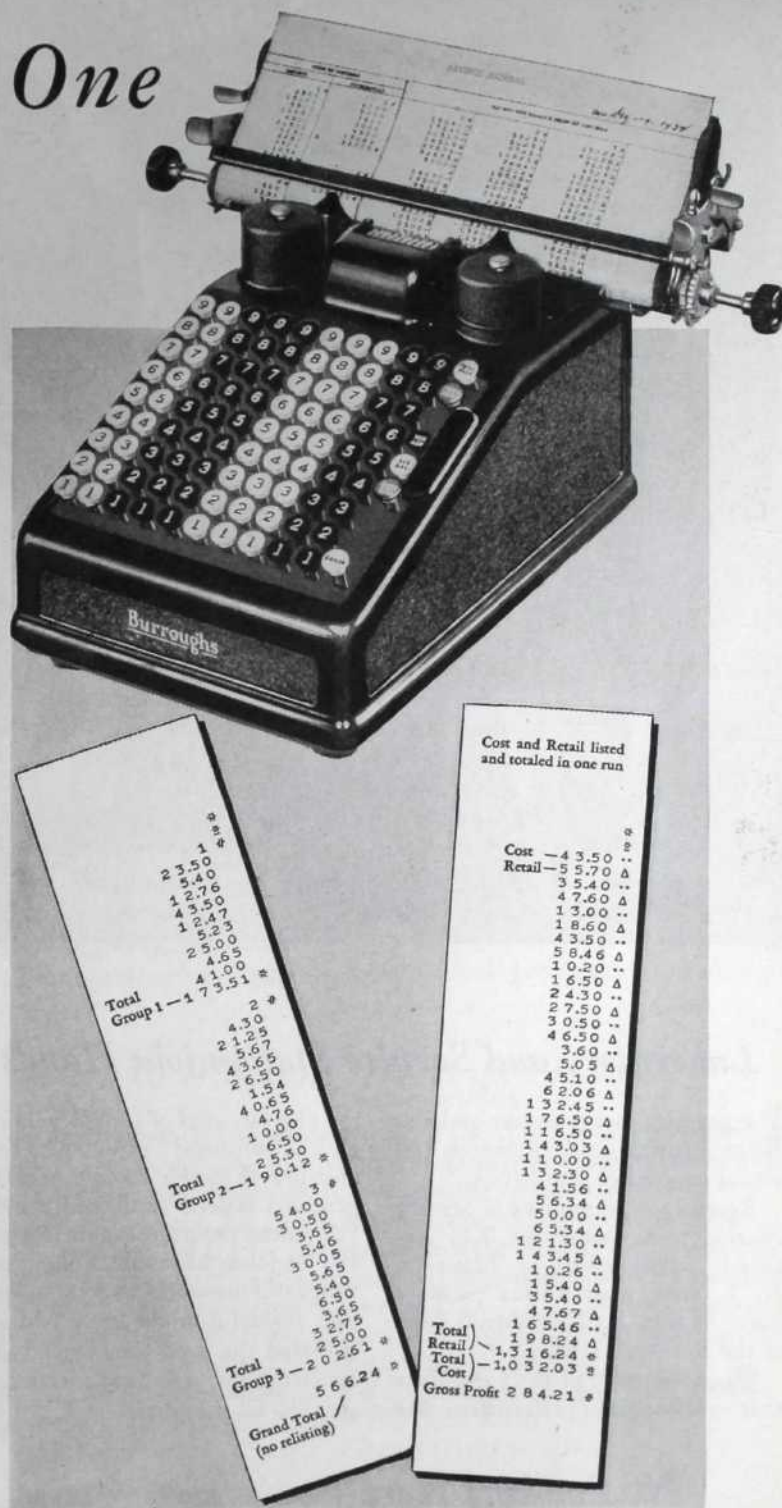
# THIS NEW BURROUGHS DESK DUPLEX IS *Two* ADDING MACHINES IN *One*

This new Burroughs adds two sets of figures and provides a separate total of each set, all in one operation; it also adds groups of figures, prints a separate total of each group and a grand total of the group totals, all in one operation.

Think how many uses there are for such a machine in your own organization. Consider how much time, labor and money it would save by handling work without relisting.

Besides, Burroughs Desk Duplex Adding Machine is compact in size, requiring minimum desk space . . . it is easy to carry from place to place . . . and it is surprisingly low in price.

Ask the local Burroughs office for a demonstration of this remarkable machine on your own work, without obligation to you, or write to Burroughs Adding Machine Co., 6155 Second Boulevard, Detroit.



## Burroughs

The tape at the right shows two sets of figures added at one time with a separate total of each set. The tape at the left shows separate groups of figures listed and totaled, and a grand total of group totals provided without relisting. The wide carriage permits use of both wide and narrow forms.





### *Laboratory and Service Station join Hands*

The practical brake expert and the brake scientist unite. Research and actual experience join hands.

Recently, a committee of Service Station men visited the J-M Research Laboratories at Manville, N. J., were received (as pictured here) by Dr. B. Townshend, head of the Research Staff.

When informed of the agreement that smoothness of performance was

the first essential of a quality lining, Dr. Townshend expressed keen pleasure that the verdict of 5,000 practical experts confirmed the development program begun 10 years ago by Johns-Manville. Long in advance of four-wheel brakes, today's fast, powerful motor cars, J-M anticipated the need for higher braking standards, proceeded with a program to fill that need.



### *No Smoking Here*

Is this tough service—braking a rotary drilling rig? The correct answer is that it is about the hardest test that any brake lining can be put to—so hard that just an ordinary lining crushes and shears under the strain. But here—as in all industrial service—as on cars and trucks and buses—J-M Brake Lining does the *perfect* job—sure, consistent, dependable. It doesn't even smoke under the load.



**Johns-Manville  
WARS  
ON WASTE**



# of PUBLIC SAFETY

## *snapped while "in conference"*

The BRAKE SERVICE EXPERT, right in your town, is the man who protects your destiny on the road . . . makes your car really safe to drive. Take his advice. Patronize him.

HE doesn't sit at a mahogany desk. He has no "official business." He seldom, if ever, attends important meetings. He rarely even takes an hour for lunch.

Certainly, he isn't a "white collar" man. Yet, he holds one of the most important and responsible positions in your community.

You see him in your garage . . . in the repair shop at your car dealer's . . . in the brake service station. You know him as the brake service expert. But his real title, justly earned, is DIRECTOR OF PUBLIC SAFETY. He has more to do with your secur-

ity as a motorist, Mr. Smith, your peace of mind, Mr. Jones, the safety of your family, Mr. Brown, than any other one man in town.

You can't be too careful with the brakes on your car. Faulty adjustment, inferior lining, imperfect application, inexperienced service, any one or all of these factors can cause you worry, expense and possibly a serious accident on the road.

When your brakes need attention, don't trust just anybody. Go to the authorized Johns-Manville Brake

Service Expert in your locality.

There is a real reason for this. Because of J-M training, J-M standards, he *knows* brakes. He knows brakes in relation to *your* car, the make, the model. His experience, precision, sense of responsibility—all will combine to save you time, money, delay—and *misfortune*.

Recently, Johns-Manville asked 5,000 brake experts all over the country what was *the* most important requirement of a brake lining. SMOOTH PERFORMANCE, this nation-wide jury replied almost unanimously—the ability to make sure, safe, consistent STOPS under any and all conditions.

That, foremost, is what 50 years of engineering and research experience have built into J-M Brake Lining and Brake Blocks. Dependability, uniformity, long life, quiet action. And that, plus long experience and training, the facilities to serve you, are *all yours* when you patronize the local J-M Brake Service Expert.



### 16 Winnipeg Fleets go 100% J-M

Up there in Winnipeg, busy city of the North, where snow and ice put sharp, exacting standards on brake performance, Johns-Manville Heavy Duty Brake Lining meets all the specifications.

Not chance, but long experience, has led 16 important fleets, representing 198 trucks, to standardize 100% on J-M equipment. And not chance, but long experience, has influenced both large and small truck and bus operators elsewhere to choose J-M, on city fleets with quick starts and stops, for hot, scorching service in the South, over the steep hazardous mountain trails of the West.

Write Johns-Manville, 292 Madison Ave., New York City—for the Brake Reliners' Manual and other service information.

# Johns-Manville



*Controls*

HEAT COLD SOUND MOTION

*Protects against*

FIRE AND WEATHER



## This Book Is FREE!

Send For Your Copy



## Are Your Distributors GAMBLING with YOUR Money?

**C**ONSIGNMENT selling is often necessary and desirable—but from it flow many evils: the constant temptation to delay reports of actual sales, to swell inventories of goods on hand, to be careless of the goods themselves.

Dealers returning consigned goods charge back the freight originally paid, and make the re-shipment with charges to be collected. The selling expense becomes a dead loss; and the salesman who is debited for commission already paid lets out a loud howl—although the commission appears as unearned.

Dealers in commodities subject to price fluctuation take advantage of the consignment seller at every turn: they ask for invoices when prices go up, then perhaps advertise price-cuts and give away the profit. Buyers everywhere pride themselves on their "standing" with salesmen which enables them to get "protection at the old price."

The use of A. W. A. merchandise warehouses by manufacturers reduces the evils of consignment selling by providing adequate control. Title to the goods remains with the manufacturer so long as the goods remain in the warehouse. Dealers withdraw supplies only as fast as they can sell them. The warehouse reports withdrawal at once to the manufacturer, who bills immediately.

Full details of this service, as well as a general outline of the plan by which A. W. A. warehouses save American manufacturers thousands of dollars annually in distribution costs, are contained in a bulletin recently published by our Association. Write today for your free copy.



**AMERICAN WAREHOUSEMEN'S ASSOCIATION**

2012 Adams-Franklin Bldg. Chicago, Ill.

When writing please mention Nation's Business

## Renovating the Building Industry

By H. G. OUTWATER

Director of Organization, Committee on Business Cooperation in Community Development

**O**NLY in recent years have manufacturers in the building industry recognized the competition they have from other industries for the home-owner's dollar. On top of this realization, they now also recognize that, under present business conditions, a resumption of volume of new construction is practically impossible. They concede that the building industry must turn toward rehabilitation of existing structures, that it must strive to serve the home owner and to arouse a desire to make his home more comfortable, usable and valuable.

Each manufacturer of construction materials has been directing his own efforts toward these ends. These efforts have been neither controlled nor directed. However, under the leadership recently organized in Washington, order is beginning to come out of chaos, the manufacturers' individual efforts are being coordinated and guided.

This coordinating agency is the President's Conference on Home Building and Home Ownership, a privately financed enterprise which has produced the most complete data on the subject of the home and its construction ever assembled. This Conference has recommended that certain of its activities be carried on in the interest of the property owner. It has particularly recommended that its Committee on Reconditioning, Remodeling and Modernizing be continued.

This last was made possible by the United States Chamber of Commerce, in the interest of business, and by the Department of Commerce, in the public interest, both working with the manufacturers of the industry in the coordination of three major objectives.

The first objective is to stimulate a desire on the part of the property owner to invest wisely a few dollars on his home or other structure.

The second objective is to assist the local contractor, subcontractor and supply man to become better merchandisers.

The third objective is to correlate the first two, and, through the facilities offered by the Committee, to make possible a round-table for the use of the

sales-promotion managers of the construction industry.

Although this Committee has been operative but a short time, it has listed several hundred communities which are planning repair, reconditioning and modernizing efforts. A number of important trade associations and manufacturers in the industry are supporting the Committee.

### For industry and property owner

**IT IS** a permanent organization, designed and operated by and for business, for the benefit and use of the building industry, the community and the property owner.

An appeal suited to the times and the temper of the people is planned to woo the home owner's dollar from the teapot and the mattress.

But, from the industry's standpoint, what are the potentialities in dollars of the reconditioning and repair market? Recently a number of sales-promotion managers of important manufacturing and trade associations were asked this question. Their estimates ranged from a hundred million to "about a billion" dollars. The astonishing lack of agreement prompted a survey. Statistics, covering seven years, disclosed the real value to be about two billion dollars. This survey disclosed a *per capita* expenditure for structural repairs in housekeeping buildings of \$7.02 a year and nonstructural repairs and replacements can be estimated at between \$3 and \$10 *per capita*.

That this market can be successfully cultivated by organized effort is indicated by the success of various local campaigns to stimulate business in the past two years. The building industry in these communities has, unknowingly, actually put trial merchandising plans into effect. Where these have been organized and conducted in businesslike manner they have proved that the property owner can and will spend money. If satisfying results can be obtained in such fashion, then, thoroughly organized and directed campaigns which will enlist community efforts as well as business should yield not only temporary but continuing results.



# "A RAILROAD 73 MILES LONG?..."

## THE MAN MUST BE MAD!"



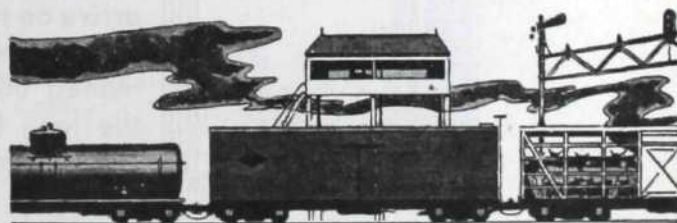
*In 1823, John Stevens, Hoboken engineer, was granted a charter to build a railroad from Philadelphia to Columbia . . . the stupendous distance of 73 miles. He was openly derided, called a maniac. Popular opinion admitted the practicability of the railroad only for short distances. But 73 miles . . . impossible!*

THANKS TO THE GRIM determination of men like John Stevens we have the railroad of today—a vast network stretching across the country. California and Maine are within easy reach of one another, Florida and Oregon but a few days apart. Each sends its products to the other, every state contributes something to the welfare of all. How fantastic this would have seemed a hundred years ago. The wildest dreams of early pioneers like Stevens have been greatly surpassed by the actualities of today.

Our entire modern civilization is based upon the railroads. Were it not for them we would live in a strangely different world. Fruits and vegetables would have to be raised on nearby orchards and farms. The morning milk would come from "corner-lot" cows. Indispensable drugs could not be had at our pharmacies. Weaving would still be a domestic duty. Factories would shut down. Our entire industrial and social structure would crumble.

Supplementing the railroad, and helping it maintain

its high efficiency is the General American Tank Car Corporation. Many railroads maintain only sufficient special cars (such as refrigerator, tank and others) for their normal requirements. At peak seasons, when additional equipment is necessary, they obtain extra cars from General American. These cars are leased first to one road and then to another—thus enabling General American to operate its fleet economically throughout the year. In this way General American assists the railroads—helping them to render the most efficient transportation service ever devised by man. Address Continental Illinois Bank Building, Chicago, Ill.



## GENERAL AMERICAN TANK CAR CORPORATION

BUILDERS OF ALL TYPES OF RAILROAD FREIGHT CARS

*When writing to GENERAL AMERICAN TANK CAR CORPORATION please mention Nation's Business*



# The check that takes care of every need—and is never late

## Metropolitan Life's contracts afford a means to

- create estates and incomes for families
- pay off mortgages
- educate children
- provide income in the event of retirement
- establish business credits
- stabilize business organizations by indemnifying them against the loss of key-men
- provide group protection for employees covering accident, sickness, old age and death
- provide income on account of disability resulting from personal accident or sickness.

Metropolitan policies on individual lives, in various departments, range from \$1,000 up to \$500,000 or more, and from \$1,000 down to \$100 or less—premiums payable at convenient periods.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.



© 1932 M. L. I. CO.

**W**HETHER he is at home or away on a business trip, as at present, Father never forgets that Mother will need her allowance on the first of each month and he has never failed her.

Before leaving, he had the great satisfaction of carrying out the plan he has had in mind ever since the day he married Mother. And he asked a Metropolitan Field-Man to call and tell wife and daughter about the arrangement made with his insurance company.

The check needed for their living expenses will continue to arrive on the first of the month, even though he may be summoned unexpectedly to make the long journey—not just a short business trip.

He is a business man and knows that bills must be paid and that it is his concern to remove all uncertainty as to a fixed income to meet them.

—After the Field-Man finished telling how Father had made future provision for their comfort, Mother said, "That is just like Dad."



Every father who wants to protect his family should know that there is one sure way to provide for his loved ones—and that is by arranging a definite monthly income for them.

See a Metropolitan Field-Man at once and have him explain to you how practical it is to make sure of protecting that family of yours.



Regarding Life Insurance in any amount, consult a Metropolitan Field-Man or write to

## METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER, PRESIDENT • • • ONE MADISON AVE., NEW YORK, N. Y.

*When writing to METROPOLITAN LIFE INSURANCE COMPANY please mention Nation's Business*



# Yours Received and Contents Noted

## Some Readers' Views on Current Topics

### "Tempest in a teapot"

TO THE EDITOR:

The writer has noted with some amusement the "tempest in a teapot" made by many writers and agitators over what they think (or don't think) is the alarming increase in taxation, as for instance, the many editorials which were compiled by the U. S. Chamber of Commerce and issued under the title of "The Cost of Government" and an article in the March NATION'S BUSINESS in reference to lowering government expense, and other numerous articles and speeches, none of which gives the real relative facts of the case.

In the first place, no adjustment is made for the great decrease in the purchasing power or value of the dollar or the great increase in national earnings to 1930 (which represents in direct proportion the ability to pay taxes) or to the increase in population.

By scaling down the government cost graph to an amount derived by these adjustments and deducting expenses incident to the War, you will find that the increase in taxation is relatively very small and the extra benefits derived from such increases are certainly worth all they cost, and due to our increased earning power, no more than to which we are entitled.

Of course in time of depression like the present, the ratio of taxes to earnings will increase greatly, due to previous commitments and the necessity of operating the Government on a stable basis, but this fluctuation should be taken care of by a reserve as is done by any well conducted business.

If all this agitation results in a definite lowering of government income, what about the employees that will be thrown out of jobs directly or indirectly by the same people who pay the taxes?

The fact is that, with no income, any expense is a great burden, and the solution of the problem is to get the wheels of industry turning, and thereby get an income instead of going into hysterics over expenses which will take care of themselves when this is done.

But it should be understood that the matter of stable prosperity strictly depends upon a radical reduction in the spread between the cost of an article and its selling price to the consumer, and a much more general distribution of the profit derived from our increased capacity to produce, as it is impossible for the few to consume the excess production of the many.

W. B. HOPKINS, *President*  
*Circular Tool Company, Inc.*  
*Providence, R. I.*

### A school man's view

TO THE EDITOR:

Since I am 62 and have tried to keep my second-story furniture in active use, I have,

naturally, thought a good deal on the menacing increase of interference and cost represented by the proliferation of government activities.

I see the waste in the school field, where I have been engaged for more than 40 years. I see the deleterious effect of bureaucratic control, of supervision by politically-appointed supervisors who attempt to tell their betters how things should be done. I see it in the absurd extension of activities in the city schools, such as the maintenance of rifle ranges and the proposal to introduce training for aviation.

By all means, let Uncle Sam get out of competition with private business, and keep out!

E. E. GAYLORD, *Manager*  
*National Commercial Teachers' Agency*  
*Beverly, Mass.*

### He has seen the dole

TO THE EDITOR:

Sir Ernest J. P. Benn's article on the effects of the dole ought to give your country some food for thought. I am probably in a better position than Sir Ernest to know just what damage it has done. I was born amongst the men who, in my opinion, helped materially in putting England where she was and is today.

Perhaps the last sentence calls for some explanation. When I say "was," I refer to the days when we were considered a prosperous nation, and one to which the outside world could not only look up to but could turn to in times of distress for advice and financial help.

Today, our country is regarded as down and out. This state of affairs I attribute largely to the dole, which undermined the general morale of the working class to such an extent that many of them today who were good, honest fellows, ready to do a day's work with any one for a reasonable pay, will not have work now if they can get the dole instead.

T. A. S. WHITEHEAD  
*Fern Hill, Pontefract*  
*England*

### Fighting "business hoarding"

TO THE EDITOR:

We believe you will be interested in the "Anti Business-Hoarding Club" which our sales organization has formed.

We cannot but feel that the hoarding of business which could now be placed, is doing more harm than the hoarding of cash. Members of the Club have pledged themselves to do their best to convince the people on whom they call that unless this business hoarding is broken, all plans for business improvement will fail. Members further agree to hoard their time to the extent that they will use every minute of it to the best advantage. They realize that

they must know something about a man's business, to serve him, rather than just sell him. They pledge themselves to endeavor to find out:

1. Has he a new item or a new slant to help him meet changing business conditions?
2. Why do his present customers buy from him?
3. Has he three or more dominant sales points which are especially outstanding, and which, if placed permanently before his prospects and customers, will influence business his way?
4. Has he a definite territory which he wants to develop?
5. How much business can he reasonably expect from a new prospect or an old customer, if properly developed?

Members agree to leave the office no later than 9:30 each morning. If it is necessary to return to the office, during the day, they agree not to be absent from their territory longer than one hour and 30 minutes.

We believe that these resolutions and others worked out by the Club may be used advantageously by other sales forces. Many men need only a little extra push to get going and when they do increased business is the result.

C. R. SCHNEIDER, *Resident Director*  
*Brown & Bigelow, Inc.*  
*New York Office*

### Praise for Kiplinger

TO THE EDITOR:

W. M. Kiplinger's letters are the first thing we read in the magazine. He is right nine times out of ten.

It is true that a lot of people don't like his frankness but it is that kind of stuff that the present growing generation needs. A good 90 per cent of them run straight into a stone wall without giving a thought until up against it and then ask a dole to help themselves out.

We do hope that you will continue this letter every month as it is one of the best things in the magazines and I try to have several read it.

EARL P. SCHAFER  
*Nebraska Fertilizer Company*  
*Omaha, Nebraska*

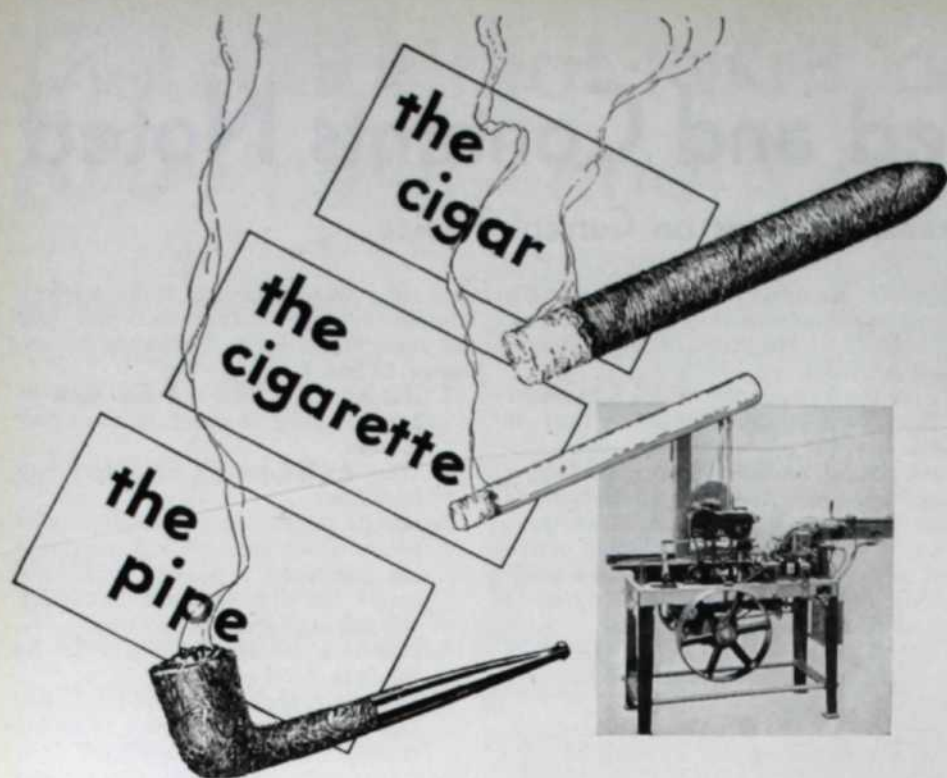
### Mr. Adams replies

TO THE EDITOR:

Referring to letter published in the March NATION'S BUSINESS, written by R. M. Edwards in reply to my letter published in the December issue, "Baiting Big Business," Mr. Edwards is entitled to the following information.

I have been continually in touch with the independent merchant's business for the past ten years, through partnership with an independent grocer operating two stores, which, by the way, has been reasonably





... all have been made *more enjoyable* by modern wrapping methods ... *an example of how a wrapping improvement can affect an entire industry*

**A** FUNDAMENTAL packaging improvement can affect an entire industry — and those who are first to adopt such an improvement reap the greatest benefit from it.

Consider, for example, a recent development in the tobacco industry — Cellophane wrapping. Few other improvements have contributed so much to the enjoyment of smoking. Whether you smoke cigars, cigarettes, or pipe tobacco, the modern tight-seal, moisture-proof wrapper enables you to enjoy tobacco at its best — fresh, mellow, completely satisfying.

The Package Machinery Company invented the first Cellophane cigar-wrapping machine; the first "tight-seal" wrapping machine for cigarette packages (the Humidor

Pack); and the first machine for wrapping smoking tobacco in a similar manner. Today, throughout the entire tobacco industry, Package Machinery wrapping machines are the standard.

*And in many other fields*—confectionery, soap, pharmaceuticals, food products—Package Machinery Company machines have been serving leading manufacturers ever since machines first replaced hand wrapping.

With our broad experience, we can give you valuable assistance in developing package improvements—to secure sales advantages, or to lower costs. Get in touch with us.

Package Machinery Company  
Springfield, Massachusetts  
NEW YORK CHICAGO LOS ANGELES  
LONDON: Baker Perkins, Ltd.



**PACKAGE MACHINERY COMPANY**

Over 200 Million Packages per day are wrapped on our Machines

When writing to PACKAGE MACHINERY Co. please mention Nation's Business

profitable, averaging ten to 12 per cent annual return upon my investment.

Referring to donations, in Boston, chain-store units numbering about 1,500 contributed \$45,000 to the United Boston Unemployment Relief. Five times this number of local independents contributed \$4,000 and wholesalers, \$1,500.

The wages paid our employees are equal to and, in many cases, somewhat higher than the average of local independents. I am unacquainted with comparative conditions in New Mexico.

We spend approximately \$500,000 annually in newspaper advertising, an average of \$200 per store. But not a penny of this is spent in advertising "loss leaders." We have not found it necessary in our many years of operations to sell merchandise at a loss, with the possible exception of perishable or seasonable products, which, at times, must be moved quickly to avoid greater losses. Undoubtedly Mr. Edwards finds it necessary to do this at times.

C. F. ADAMS, Treasurer  
First National Stores, Inc.  
Somerville, Mass.

#### U. S. pay checks

TO THE EDITOR:

The surest way to undermine much of the good accomplished by the President is for the nation to slash the pay checks of its servants.

According to press reports the proposed cut would save Uncle Sam \$225,000,000. The picture I get is that this proposed legislation would let down the bars for a nationwide slash in wages resulting in a clamor for a like reduction in lights, gas, heat, power, telephones, rents, freight rates, passenger fares and the like.

This act by Congress would, in my opinion, set a dangerous precedent which is likely to result in a frightful loss to the people and capital alike. A ten per cent reduction in income would place many businesses in an embarrassing position.

I. S. CALL

#### Price-cutting

TO THE EDITOR:

Price-cutting is the sharp instrument with which business is just now rapidly committing hara-kiri and undermining the foundation of national well-being.

Prosperity stimulates business—profits promote (indeed, are essential to) prosperity under our economic system. But price-cutting destroys profits. How can it, then, stimulate or increase or advantage business?

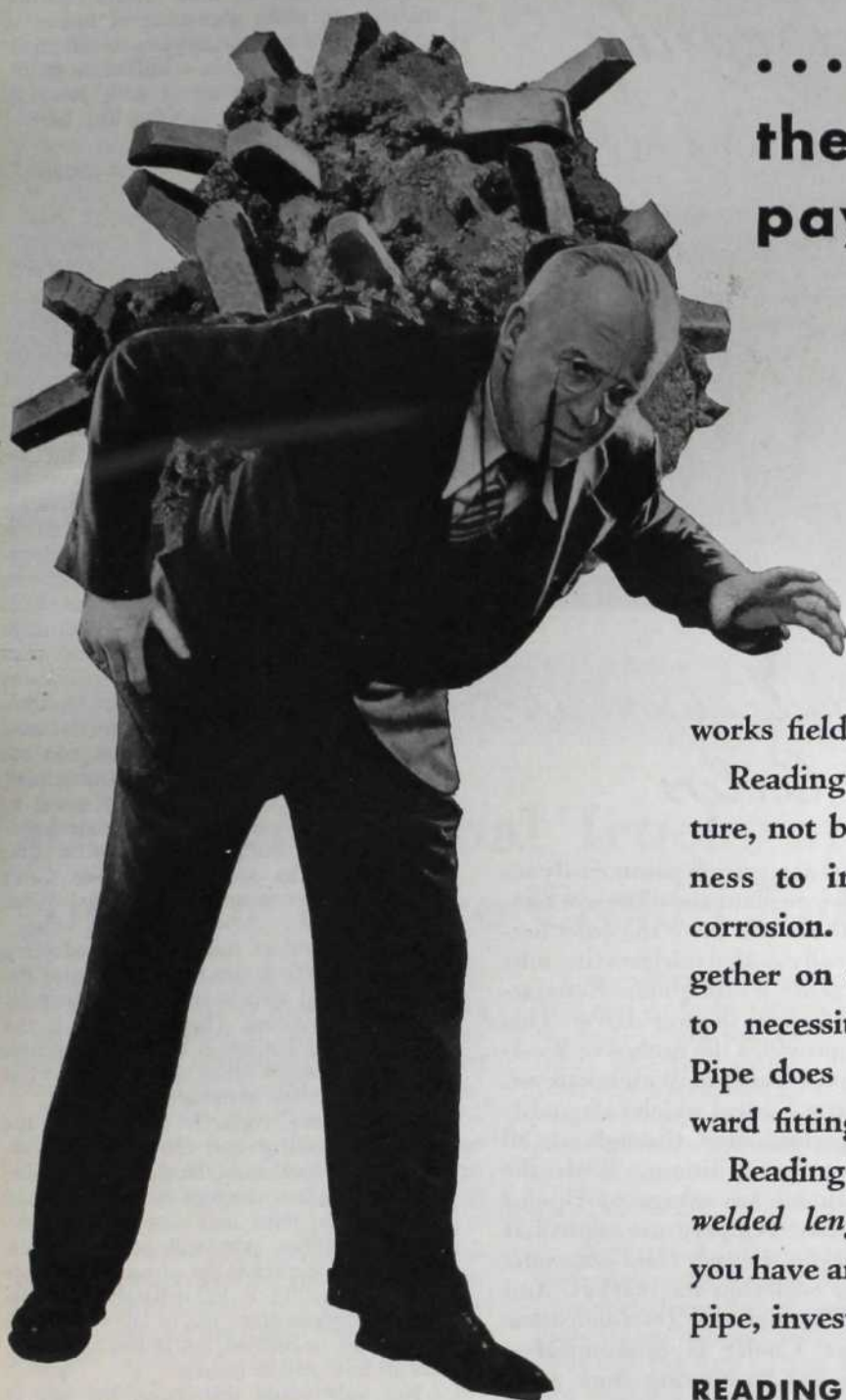
When profits disappear, retrenchment follows. Unemployment and reduced purchasing power result. The slackened tempo gradually permeates the whole community, and the orgy of price-cutting ends in much less business being done.

When any business organization starts in to consume its own vitals and to squander the accumulated resources of the community by sustained and vicious price-cutting, either voluntarily with the object of putting a competitor out of business, or unwillingly in response to the "general



# TONS OF NEEDLESS METAL.. MOUNTAINS OF MUD

...will **YOU** lift  
these from the tax-  
payer's shoulders?



**T**ONS of dead weight removed from water mains — cumbersome, costly fittings eliminated — less dirt to move, less digging to pay for!

That is what Reading Puddled Iron Pipe — the pipe of proved endurance — means to the water works field, and to the taxpayer.

Reading Pipe is tough and FIBROUS in structure, not brittle — it needs no excess wall thickness to insure strength and resistance to corrosion. Because its lengths are *welded* together on the job, there are no bulging joints to necessitate extra digging. And Reading Pipe does away with the need for huge, awkward fittings!

Reading Puddled Iron Pipe comes in 40-foot *welded lengths* for quicker, easier laying. If you have any part in the selection of water works pipe, investigate Reading Pipe before you buy.

READING IRON COMPANY, Philadelphia

# READING PIPE

PUDDLED IRON

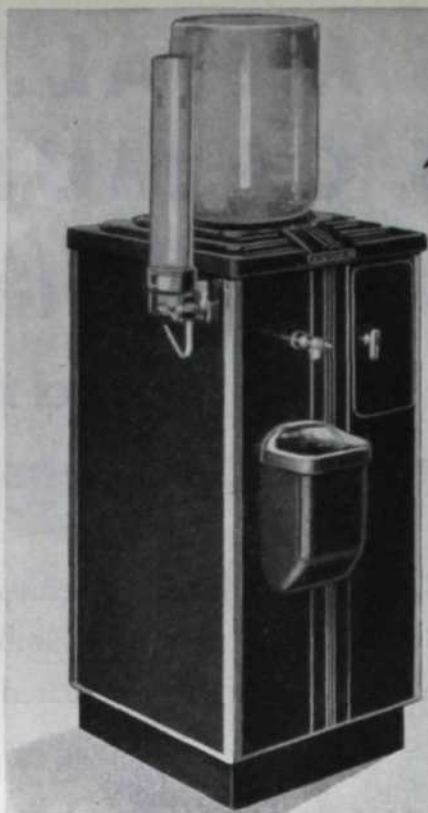
Since 1836



## 40' DOUBLE RANDOM WELDED LENGTHS

*Science and Invention Have Never Found a Satisfactory Substitute for Genuine Puddled Iron*





The convenient lock-compartment provides ample space for keeping all kinds of beverages cool and palatable.

*Refreshing  
Beauty*

FOR YOUR OFFICE



## Westinghouse *Dual-automatic* *Electric Water Coolers*

Decorators of national reputation now point to the new Westinghouse Water Coolers as the only type harmonizing perfectly with every office decorative scheme. In style and finish alike, they represent the utmost in the designer's art. The cabinets are of shining black Micarta, cleverly inlaid with aluminum strips. This exclusive Westinghouse material wipes clean like polished ebony, will not chip, peel, burn, or crack. Hardware and fittings of everlasting Chromium plate lend added sparkle and life.

Westinghouse Coolers are designed in two types, for bottle or pressure water supply. For private office convenience, there are beautiful models with special refrigerated lock-compartments for bottled beverages. Other models without compartment may be

placed at strategic points easily accessible to plant and office workers.

All models have the quiet hermetically-sealed refrigerating unit that made Westinghouse Refrigerators famous the world over. This unit provides the exclusive Westinghouse Built-in Watchman automatic control which safeguards its performance throughout all operating conditions. With the additional advantage of 7-point Selective Temperature control, it gives you the *only Dual-automatic* water cooler on the market. And the Westinghouse *Dual-automatic* Water Cooler is economical—costs less to operate than a 50-watt bulb during business hours.

Tear out memo below and have your Secretary write for health-facts about properly cooled drinking water. Complete details and illustrations will also be sent to you.

MEMO TO YOUR SECRETARY... TEAR ON DOTTED LINE



Write Westinghouse Electric & Manufacturing Company, Merchandising Department, Mansfield, Ohio, for special folder MGC-1457-2 giving details about *Dual-automatic* Water Coolers.

When writing to WESTINGHOUSE ELECTRIC & MFG. CO. please mention *Nation's Business*

trend" under some mysterious psychological urgency—then it becomes antisocial and a menace to the community.

Unless the public, *i.e.* the housewife, will take the cure into her own hands and discourage the practice by strictly limiting her purchases at these stores to the "leaders," it would appear that legislation is needed making it illegal for those engaged in distribution to make a practice of failing to add the costs of their services to the goods they offer for sale plus a legitimate profit, and giving the victims of such practices redress if they persist in using any part of their stocks in this manner.

A READER

### Economic research

#### TO THE EDITOR:

Today there is absolutely no reason for want other than the inadequacy of present exchange machinery. This fact is quite generally understood, hence the wide efforts to amplify this machinery through the instrumentality of credit and finance organizations. If the efforts were successful we should have nothing to say. But they aren't.

We have—we can make—we can transport—but we cannot exchange. And nothing is more obvious than that we can have consumption, or prosperity, *only* through free exchange. So when man's exchange machinery breaks down, or is withdrawn from use, his consumption drops precipitately. That is our present condition and its cause.

It is unpleasant to realize that you are working under an order or an arrangement that is periodically and severely going to "let you down" and wipe out your hard-earned gains. Still, the only order that we've got is the one that *we* made. Can't we rectify or overcome its failings? What can we do?

We can conduct research. If in effecting a remedy the first step is recognition of the ill, the second step is the correct determination of its cause. The third step is the correct determination of the natural course of the ill, through which step we learn what factors effect its termination.

If we have correctly determined the cause and course and the factors of ordinary termination of business stagnation, it is obvious that the remedy is to be found in the use of other and supplementary exchange facilities that will function while the original facility is out of use. This other exchange facility is immediately available in the supplementary use of labor or goods certificates, to be used, not in lieu of money, but in addition to money.

Not only would this enable the idle to work and make what they need and want, but it would bring financial gain as well. It means, not barter, but using a new instrument to function where another fails. It will do the job that is now going undone.

More money is not the solution. We need some new exchange machinery that will do what money just will not do. And we shall get it or remain in pain. In the supplementary use of labor or goods certificates this new instrument for exchange is immediately available. Why not use it?

RAYMOND D. FRITZ

71 Francis Street  
Brookline, Mass.



# Ice Cream Is Good For You



## and International Trucks are good for the Ice Cream Industry

*Illustration shows 3-ton Model A-5, 190-in. wheelbase chassis with mechanically refrigerated body.*

**H**ATS off to Dolly Madison, the fourth First Lady of our land! For she it was who returned from London one fine day with news of a delicious dish called "ice cream"... and the recipe for making it.

Our countrymen welcomed the new dessert with open mouths, and today ice cream is typically American... far more popular than in any other country of the globe.

Thanks to the high standards and progressive methods of the Ice Cream Industry, this one-time luxury is now a most wholesome and healthful food, of which our per capita consumption is about 72 good-sized helpings a year.

The growth of the Industry has been sure and steady... and easily understandable. And one of the biggest contributing factors has been the successful solution of its distribution problems.

International Trucks render a significant service to Ice Cream Manufacturers. Often they are the *deciding factor* that turns loss into profit. The Ice Cream Industry knows it can rely on Internationals under any conditions... be assured of low operating and upkeep cost on every route.

The rugged reliability of International Trucks... their great reserve of power... their speed and ease of handling... their impressive good looks... their time-tested and job-tested economy... these things indicate that what they have done for the Ice Cream Industry they can also do for you. And the International Line is so complete that the chassis and body requirements for any job in any industry can be met exactly.

Arrange for a demonstration with the nearest International Branch or dealer.

Ask for demonstration of the 1½-ton, 4-speed Model A-2  
Now reduced to

# \$615

for the 136-inch Wheelbase  
Chassis f.o.b. factory.  
Other sizes from ¾-ton to 5-ton.  
International branches at  
183 points.



**INTERNATIONAL HARVESTER COMPANY**

606 S. Michigan Ave.

OF AMERICA  
(INCORPORATED)

Chicago, Illinois

# INTERNATIONAL TRUCKS

*When visiting an INTERNATIONAL TRUCK dealer please mention Nation's Business*



CHECKS THE WATCHMAN

THE MOST IMPORTANT EQUIPMENT IN ANY PLACE OF BUSINESS AFTER CLOSING HOURS IS THE SYSTEM THAT

KEYED

to

MODERN TIMES



MEMO  
WRITE IT... DON'T SAY IT

Mr. C.R.R.

Do you know this system?  
Would it save us money?

*Yes.*

ECONOMY IN 1932—

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## Wisconsin Tries Unemployment Benefits

By E. S. COWDRICK

IN WISCONSIN Governor Philip F. LaFollette in January set his signature to the Groves bill for unemployment reserves—the first unemployment insurance law to be enacted by an American state. Wisconsin laborers will be protected by funds subscribed wholly by employers, out of which each jobless worker will be entitled to draw benefits from \$5 to \$10 a week for a maximum of ten weeks in any one year.

Unemployment insurance (the term is here used in its popular sense, with no attempt to distinguish between schemes that are, and schemes that are not, insurance within the strict meaning of the word) was a familiar feature of social legislation in Europe even before the World War. Agitation for similar laws in the United States first became prominent in 1921, when the "Huber bill," with the influential support of Dr. John R. Commons, was introduced but failed in the Wisconsin legislature.

Unemployment legislation was promoted actively by the American Association for Labor Legislation, by some workers' organizations, and by many influential individuals of liberal tendencies. For reasons of its own, the American Federation of Labor declined to join the movement; at its annual convention in 1931 it adopted a resolution definitely opposing compulsory unemployment insurance.

With the beginning of industrial depression in 1929, demands for unemployment insurance legislation became more insistent. On the side of voluntary unemployment benefits, there were significant additions to the relatively short list of funds maintained by employers, by employers and employees jointly, and by trade unions.

In 1930 a number of liberal groups and individuals under the leadership of the American Association for Labor Legislation put forward an "American Plan for Unemployment Reserve Funds" in the form of a model bill somewhat similar to the original Huber proposal.

At the regular 1931 session of the Wisconsin legislature, Professor Harold Groves introduced a new bill which differed in some important particulars from both the Huber bill and the American Plan. Between that session and a special session which convened Novem-

ber 24, 1931, a legislative committee held hearings, as a result of which it recommended passage of the bill. In the meantime the manufacturers' association of Wisconsin, by an overwhelming vote, urged that employers be permitted to build up unemployment reserves by voluntary action. Governor LaFollette promptly accepted this challenge and in a message to the legislature in special session he recommended that the Groves bill be passed and made effective July 1, 1933, unless before that date employers had voluntarily adopted plans protecting a majority of the state's wage earners.

### Employers may set up own plans

AS FINALLY adopted by both houses of the legislature, the bill provides that if by June 1, 1933, at least 175,000 employees are covered by voluntary plans with provisions at least as liberal as those in the state law, the bill shall be non-effective; otherwise, it is to go into force. Employers are thus given the choice of paying unemployment benefits voluntarily or having them paid in accordance with the law. In the former case employees of firms which do not adopt voluntary plans seemingly will be left without protection. Since the enactment of the bill the manufacturers' association has been actively promoting the adoption of voluntary plans.

The Wisconsin law sets up unemployment reserves from contributions made wholly by employers. In this it follows the Huber bill and the American Plan, and differs from most European laws.

For the first two years of participation each employer must pay into the unemployment reserve sums equivalent to two per cent of his pay roll, plus a small payment toward the expense of administration. After two years the contribution is reduced to one per cent of the pay roll, if the employer's reserve amounts to \$55 per employee, and it is discontinued altogether if and when the reserve reaches the equivalent of \$75 per employee.

These reserve funds of employers are segregated; that is, the fund of each company stands by itself and is used for payments to that company's unemployed workers. Here the law differs from the American Plan and from most

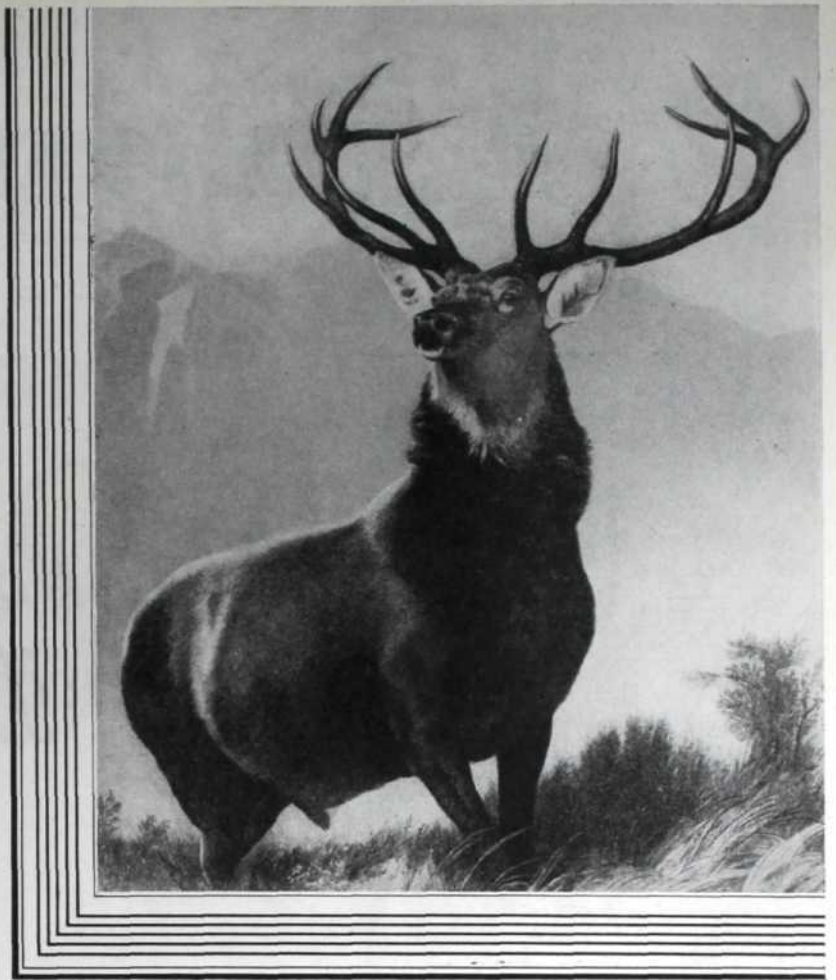


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The New York conflagration in 1835 and again in 1845 bankrupted twenty-three out of twenty-six New York companies, **but the Hartford paid.** The Chicago conflagration bankrupted every Chicago company and more than fifty others, including seven Connecticut companies, but the Hartford paid. Its losses in San Francisco were larger than those ever incurred by one insurance company in any conflagration in the world's history, but the Hartford paid and paid in cash. No wonder the Hartford is well known! No wonder people ask for it! It has never failed to make good its contracts. It has kept the faith!

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other proposals for unemployment insurance. Critics of the Wisconsin statute hold that by segregating the funds the law loses the important insurance principle of spreading risks. It is true that the law authorizes two or more employers in the same industry or the same locality to pool their funds, but critics point out that this permissive clause probably will have little effect, since an employer with a high rate of unemployment will find it difficult to get anyone to pool with him.

Employers' payments to their unemployment reserves are made directly to the Industrial Commission, which turns them over to the State Treasurer for custody. Each employer's fund receives credit for interest or other net earnings.

Reserves thus set up are used to pay benefits to laborers who are laid off for lack of work. With some specific exceptions and some requirements as to residence and length of service, jobless workers are entitled to payments at the rate of 50 per cent of their average earnings, with a maximum of \$10 a week and a minimum of \$5 a week. Duration of these benefits depends on length of service, but there is an absolute maximum of ten weeks of unemployment pay in any one year. For persons partially unemployed the law contemplates benefits that will bring their total incomes up to the amounts they would be entitled to draw if they were wholly without work.

The law authorizes diminished benefits by employers whose reserve funds fall below specified amounts per employee. This provision apparently is intended to ease the burden upon a company which experiences a heavy rate of unemployment, and also to spread available money over as long periods and as many employees as possible.

To draw benefits unemployed persons must register with the public agencies set up under the law and must accept suitable work if it is offered to them. They are not required to work as strike-breakers or for less than standard wages. Employees are not entitled to receive benefits if they go out on strike, if they are discharged for misconduct, or if they leave their positions voluntarily.

Any company which guarantees at least 42 weeks of work, on the basis of at least 36 hours a week, for a year in advance may be exempted from the law. This exemption also applies to a company which adopts a voluntary unemployment insurance plan, with the approval of the Industrial Commission, the provisions of which are at least as liberal as those prescribed in the statute.



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\$448,000  
INCREASE IN SALES...!”

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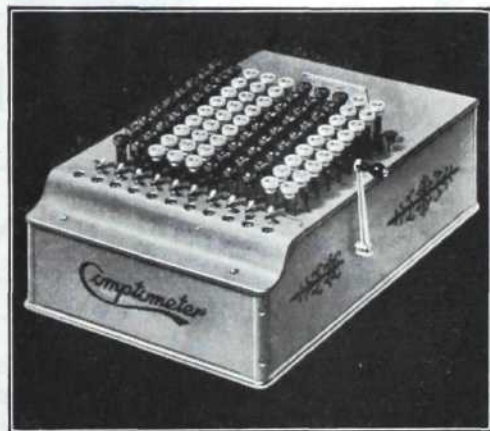
He says: “Since installing a Comptometer system, we have saved approximately \$13,440 a year. In the Auditing Department, the saving is \$410 a month — in the Credit Department, \$515 a month — in the Gallonage Department, \$195 a month. *We consider that our Comptometers are worth \$448,000 increase in sales, at a net profit of 3%.*”

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## American Business Tightens Up Its Belt

(Continued from page 36)

centage of vacancy would be decidedly below normal.

Whatever the merchant's evidence that the American people are living from hand to mouth, it is possible to believe that they have occasionally managed to get a second helping "on the house." The New York *Herald-Tribune* thinks that so far as eating is concerned, the American people's greatest of suppressed desires in recent times has been in the direction of desserts. A nation wide survey by a great restaurant chain, which has been experimenting with the "all you can eat" for a fixed-price plan, has revealed that what diners have wanted most is more and bigger portions of sweets. Repeat orders have not substantially increased the consumption of roasts, entrées or vegetables, but have centered in the stage of the meal characterized by apple pie à la mode, peach shortcake, jelly rolls and the more imaginative *patisseries*.

Unfortunately, the idea that the nation's feet were firmly planted to withstand the rigors of reconstruction is subject to some modification. Depres-



The ordinary customer wants  
a quarter's worth or less

sion has increased foot ailments more than 100 per cent, according to specialists who attended the twenty-seventh annual convention of the Chiropodists' Society of the State of New Jersey.

Thousands of persons now walking, who were accustomed to riding, wearing of old and ill-fitting shoes, and an increase in "home treatment" of foot infections were blamed on the depression by Dr. E. C. Stanaback of Newark. Women have been attempting to make





"Do you really need \$2<sup>nd</sup> gear  
on that grade?"

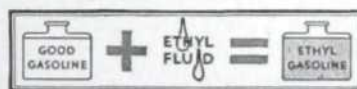
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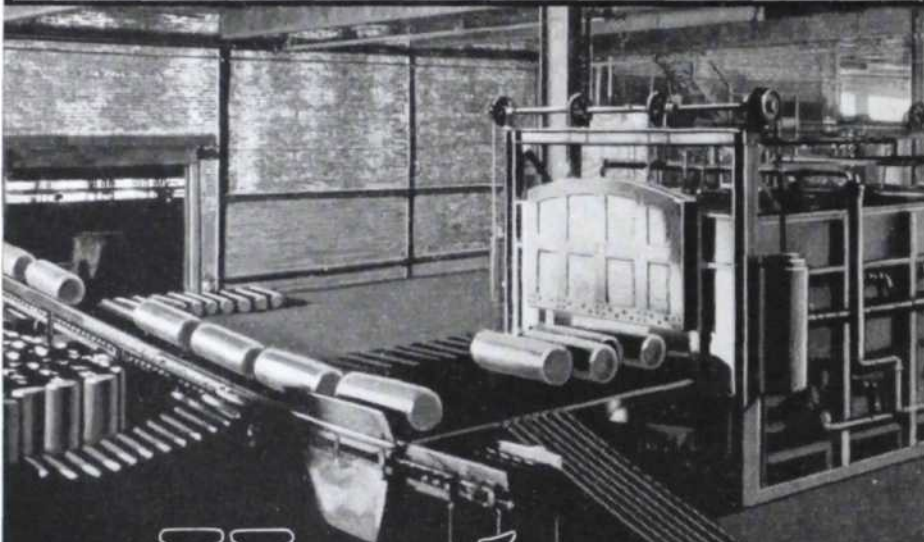
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old shoes attractive by increasing the height of heels, to the ruination of their feet from cramped toes, bruised insteps and broken arches, according to Dr. W. L. Hall, of Bridgeton.

Amid all these cross currents of thought and action, the third winter of America's discontent began with a rather perverse boastfulness about the national reducing diet. People everywhere took to showing the marks of their adversity as though they were wound stripes. The tempo of American life was scaled to the psychology of mark downs and distress selling. Business was done in diminutives—even the idea of anti-hoarding was attuned to the appeal of "baby" bonds.

Keeping up with the Joneses was made to seem a bit shameful and immoral. Even Charles M. Schwab acknowledged a birthday gift with the commentary that "It is nice to have rich friends. I needed a new car, but in these times of depression, I didn't think I ought to buy one." In jest or earnest, his words got down to the common denominator of public opinion.

### Penuriousness hurts trade

FEAR was dominantly in the saddle. As the *Wall Street Journal* phrases it:

"The fear of being considered ostentatiously extravagant handicaps efforts to revive trade. The automobile industry, for example, has proved that many people with money and the actual need of a new car are denying themselves through fear of neighborhood criticism."

From the unwillingness to seem well-to-do, the temper of the national mind changed swiftly to an active distrust of the national economy, and hoarding developed. The fact that the lively tempo of American life did not become a dirge argues that all clarity of thought was not obscured with the concentration on caution. The case for sanity might well rest on the eloquent paragraph written by Alexander Dana Noyes, financial editor of the *New York Times*. Here it is:

"If the capitalistic system has hopelessly broken down . . . if the gold standard has failed and all countries ought to abolish it, why should frightened citizens, having sold out their tangible investments, hoard gold or Federal Reserve notes? If gold is to be repudiated they might quite as well hoard silver or copper or dead leaves. What the panic-stricken hoarders ought to hide away are pots, kettles, clothing, furniture—anything that will always have actual value. They are, however, the first things that our mentally disordered community refuses to buy at all."



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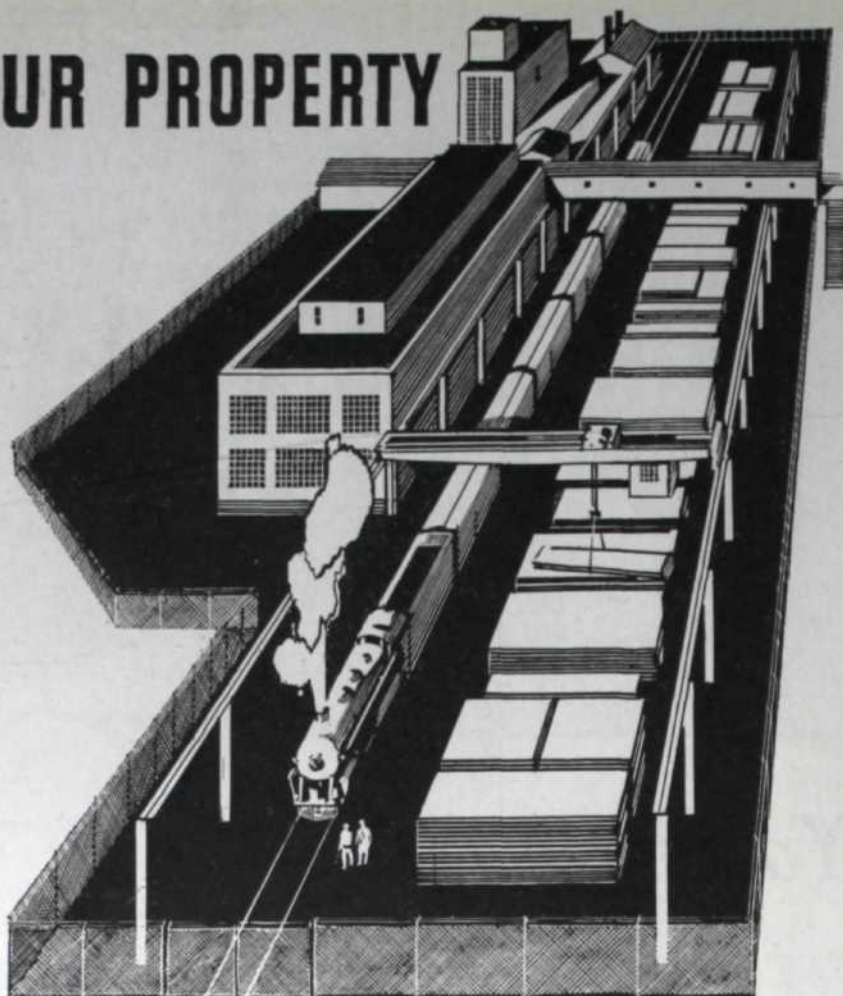
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## What's Going on in Washington

(Continued from page 24)

there is more sentiment in Congress for tightening the anti-trust laws than for relaxing them.

**Prohibition** NO change in status should be expected from this session of Congress, and this applies flatly to beer, wine, resubmission and repeal.

**Relief** THE remarkable thing about direct relief work is that it is being done as well as it is throughout the country. Small communities are doing the job with special efficiency, and without publicity. The sore spots are some of the big cities, which get the headlines.

June will be a critical month, for relief funds of many cities will be exhausted by then.

You hear contrasts drawn between federal aid for banks, railroads, etc., and federal aid for human misery. I presume you understand these points:

The purpose behind financial aid for banks, railroads, etc., is to save the depositors, the public, rather than the institutions as such.

**Politics** IT probably will be Hoover vs. Roosevelt.

Hoover and the Republicans have gained strength recently through the congressional stumblings of the Democrats.

**Business Outlook** TWO or three months of uncertainty probably must be expected.

Many inefficient business units must go out of existence. They are unable to compete. Their bankers will not carry them. Temporarily this is bad, but for the long run it is good—one of the benefits of the depression.

The beginnings of permanent recovery probably cannot be expected before late in the year; 1933 probably will be slowly upgrade.

Washington influence on business in the next 60 days will not be good. But remember the veto. And remember that the veto always has been more popular than unpopular.

Yours very truly,

*Wm. L. Springer*



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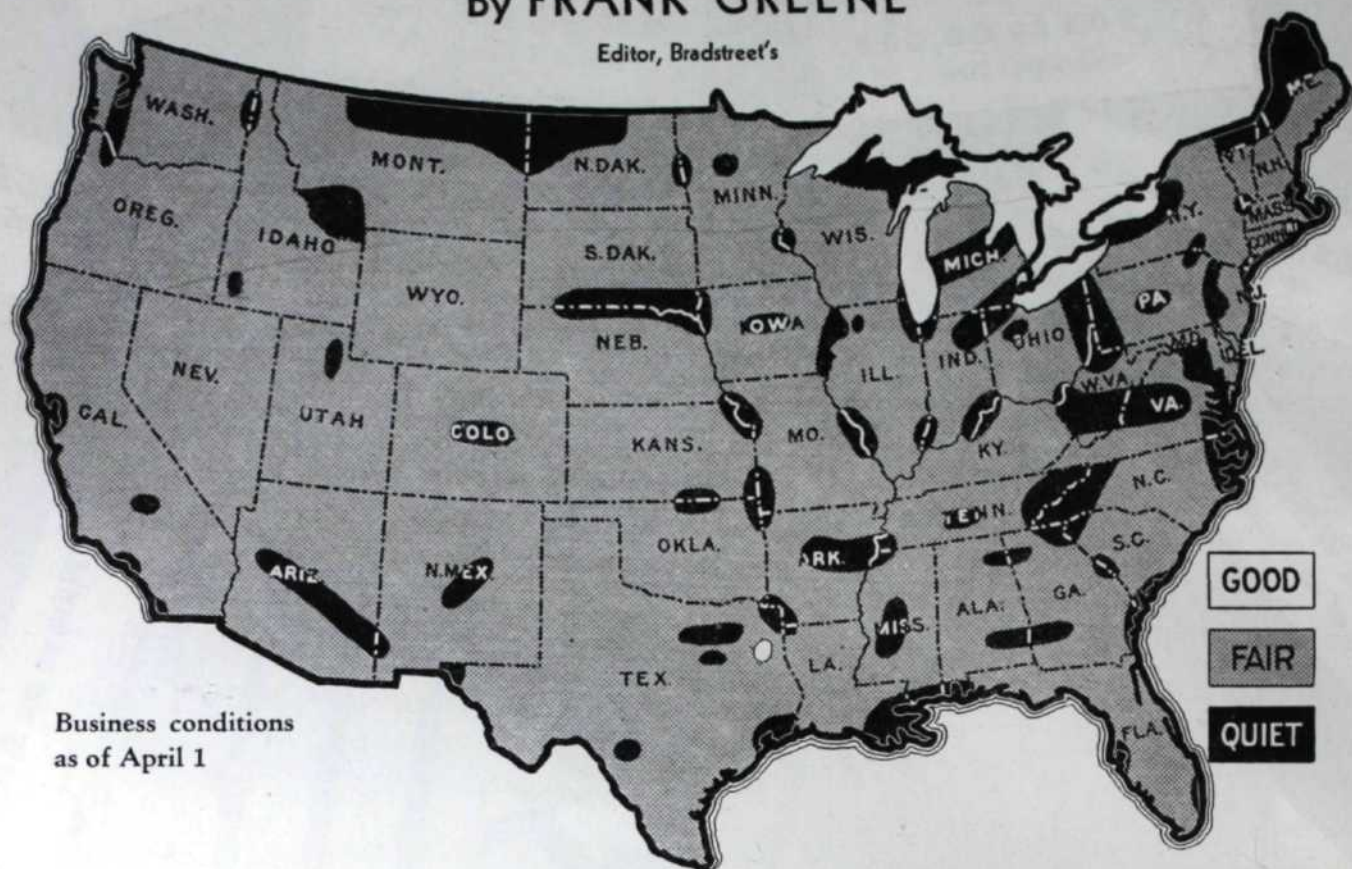
**TIRES . TUBES . BATTERIES . RIMS . BRAKE LINING . SPARK PLUGS . ACCESSORIES**



# The Map of the Nation's Business

By FRANK GREENE

Editor, Bradstreet's



A LAST flurry of winter, delay in the spring automobile campaigns, and the legislative situation combined to disappoint the rising hopes of the business community during March

**M**ARCH proved a disappointing period, mainly perhaps because hopes had been unduly high and realization proved unequal to the task of satisfying the more sanguine elements in financial and commercial lines. Perhaps disappointment was most extreme in wholesale and retail lines catering to spring needs which presumed on the early date of Easter but found themselves facing about the coldest weather of the winter. Despite this early buying the retail trade volume was probably 15 to 20 per cent below the like month a year ago.

In financial lines, the decrease in banking suspensions did much to hearten feeling, but even here there were complaints that credit conditions had not improved as much as was anticipated.

The stock market, which had hoped for early passage of legislation designed to balance the budget, also found its anticipations outstripping performance. The resulting disappointment caused a renewal of some held-over liquidation and a new low level of quotations since the beginning of the trouble in 1929. Commodity prices in turn, keyed on hopes of stock-market rehabilitation, eased off to the lowest level since 1899.

In industry, delay in the spring automobile campaign disappointed the iron and steel trades which lost a little of the



Increased railroad net earnings, a gain in shoe output, and the firmer tone of the petroleum industry were among the few cheerful developments



# AMERICAN

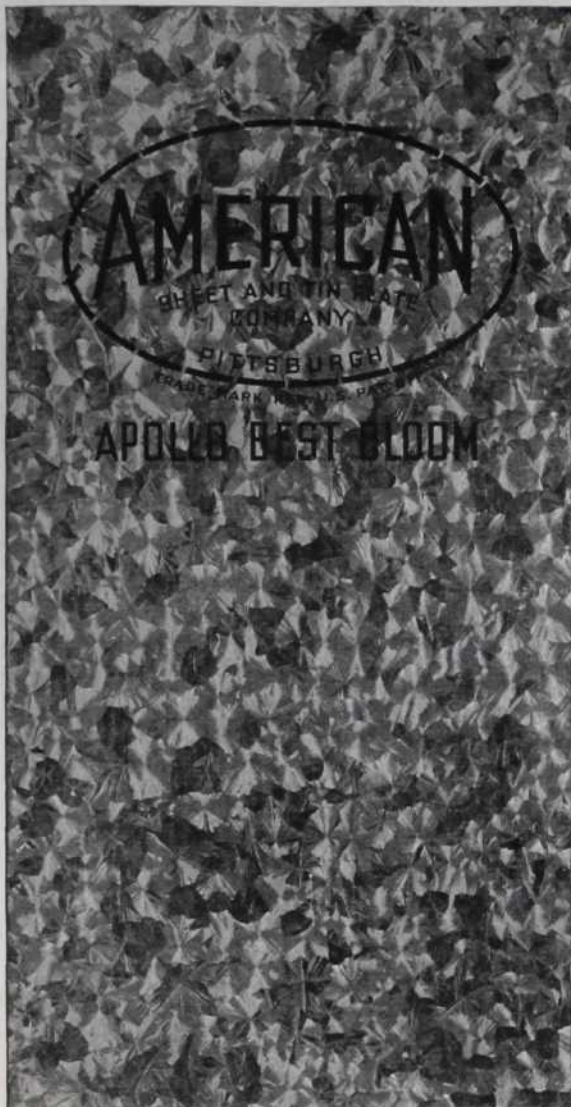


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modest capacity percentage reached earlier.

Against this development, partly righted in early April, is to be set the firmer, even cheerful tone of the mid-continent petroleum industry, which saw prices advanced to a dollar a barrel. Wholesale and retail trade was little better than in the preceding months.

The weather negated most of the Easter urge, and Easter Sunday itself witnessed one of the widest and severest storms of the winter in a considerable area.

### Grain prices continue low

THE wheat trade saw a rather lively month with prices inclining lower on reports that the Farm Board proposed to dispose of some of its surplus of old wheat abroad. Wheat, however, did not break through its low level of last October, whereas corn did. Crop damage reports from the Southwest in early April proved a tonic on which wheat recovered a good deal of its loss of late March.

Cotton, like wheat and other commodities, was affected by the stock market's action and at one time lost a good part of a cent per pound but rallied, buoyed up a little on continued good export trade in March and the 21 per cent gain shown over last season. Rubber and sugar reached new lows on reports of failure of producing interests to agree on restricting production.

March saw some strikes started against wage reductions in the Ohio bituminous coal field and April 1, the beginning of the coal year, brought considerable idleness in the Illinois field owing to failure of operators and men to agree on a new wage scale. An inter-union fight in the anthracite coal field brought out a considerable number of men in March but this was settled early in April.

### Shoe output shows gain

FEBRUARY showed a slight gain in shoe output over a year ago, and the first two months of the year a gain of six per cent over the same period of 1931. Cotton-goods stocks in February fell off from those of January by five per cent but easing of the price of the raw material caused some shading of quotations.

This did not go far because of fairly consistent curtailment of manufacturing. Wool quieted in March, prices eased and next fall men's wear openings showed a slight reduction.

In the stock market, sales were only



# AUBURN

## Increases Your Dollar's Buying Power

Garagemen and automobile dealers everywhere, no matter what makes of cars they handle, recognize one thing—and that is—that Auburn offers exceptional Value for unusually low cost. This is significant, because these men know how cars are built, the kind of materials used, the kind of service cars render and how well they stand up and endure. The owner of an Auburn is known as a shrewd buyer—as a man who knows how to compare values and get the most for his money. When it comes to performance—the Auburn owner fears no competitor. His Straight Eight, with Lycoming engine, perfected after eight years' experience, has 100 Horse Power. Its lightning acceleration, and smoother, flexible flow of power makes his car a delight to drive and insures long life. The twist-proof, X-type frame which Auburn

originated, together with many other advancements, means a rigid, super-strong frame, that adds to comfort, and road-ability. Then there is Startix, Ride Control for the Hydraulic shock absorbers, and Dual-Ratio in the Custom Models. And in all models: automatic chassis lubrication, insulated bodies, no metal-to-metal contacts, insulated exhaust and muffler, unusually wide doors and seats and many, many other advantages that make Auburn value the greatest on the market. For PROOF of this claim, we submit the car ITSELF, with YOU at the wheel.

A Standard Model—127-inch Wheelbase  
Straight Eight 100 H. P.

# \$945

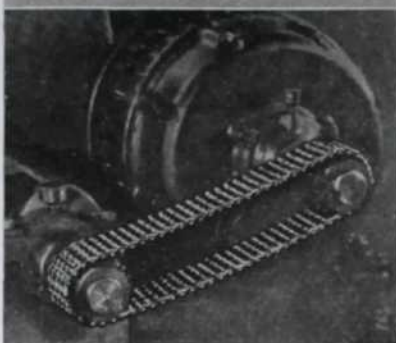
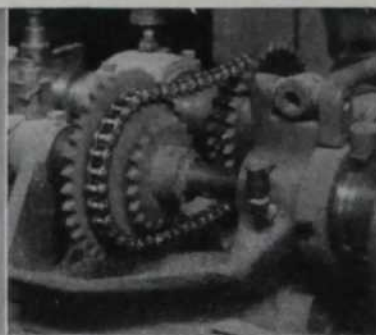
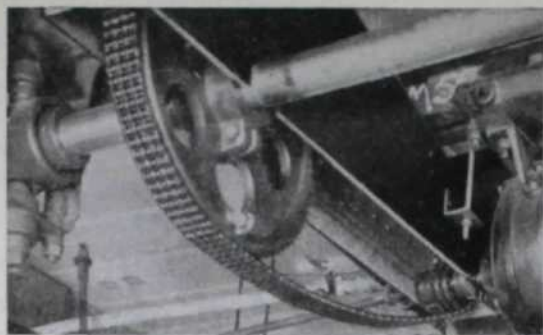


FIVE-PASSENGER SEDAN  
*Roomy and Comfortable. Custom Model*

Standard Models 8-100: Business Coupe \$945; 5-passenger 2-door Brougham \$995; 4-door Full Sedan \$1045; Convertible Cabriolet \$1095; Convertible Phaeton Sedan \$1195; Speedster \$1195; 7-passenger Sedan \$1245. Custom Models 8-100A: Business Coupe \$1145; 5-passenger 2-door Brougham \$1195; 4-door Full Sedan \$1245; Convertible Cabriolet \$1295; Convertible Phaeton Sedan \$1395; Speedster \$1395; 7-passenger Sedan \$1445. Prices f. o. b. Connersville, Indiana. Standard Models 12-160: Business Coupe \$1445; 5-passenger 2-door Brougham \$1495; 4-door Full Sedan \$1545; Convertible Cabriolet \$1595; Convertible Phaeton Sedan \$1695; Speedster \$1695. Custom Models 12-160A: Business Coupe \$1645; 5-passenger 2-door Brougham \$1695; 4-door Full Sedan \$1745; Convertible Cabriolet \$1795; Convertible Phaeton Sedan \$1895; Speedster \$1895. Prices f. o. b. Auburn, Indiana. Equipment other than standard, and wire wheels, all models, at extra cost. AUBURN AUTOMOBILE COMPANY, Auburn, Indiana. Division of Cord Corporation. All prices subject to change without notice.

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Is Transmitted  
... **SAVE** with  
Constant Speed-Ratio

## DIAMOND ROLLER CHAIN

FROM motor to machine, motor to lineshaft, from shaft to shaft . . . wherever power is transmitted Diamond single-strand and multiple Roller Chain Drives provide constant speed-ratio transmission.

When you set any machine for a given production, that production depends on having the driven members turn at the exact speed determined upon. With Diamond Drives you can depend on this speed—there is no slip. Weather conditions or years of service do not change the speed-ratio. You *always* get the production

you are counting on . . . with maintained transmission efficiencies of 98-99%.

For the drives in your plant and for the machinery you build, there is a Diamond Roller Chain Drive that will give you the utmost in dependability, production, and quietness. And, Diamond Chain Drives save space, requiring less width per horse power than any other drive.


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**DIAMOND DRIVES**  
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**Quiet—Clean—More Compact**  
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This Diamond on every link identifies the Diamond Drive

**CHANNEL BASS** 6-1 to 10-15. Trout, Croakers, Blues, Kings, etc. about 4-1 to about 11-20th. Guides, Power Boats with cabin, toilet, open cock-pit, and awning. A-1 Hotel, 50 double rooms, 30 connect-baths, Sea Foods, Home Grown vegetables. Fresh milk, eggs, etc. Amer. Plan, day \$3.50 and \$4.00.



Channel Bass, Trout 1 to 10 lbs. Surf Bathing. From North via Cavalier and Del-Mar-Va Stone Road, from Washington via Claiborne, South Old Point Comfort or Norfolk. Hotel Wachapreague, Wachapreague E. Shore, Va. (Ocean Side) Booklets A. H. G. MEARS, (Ownership Management)

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of NATION'S BUSINESS articles will be furnished at cost in quantities of 100 or more.

**OVER 300 Kinds of Industry**  
Your opportunity of manufacturing in England at minimum expense

Enquiries are invited from manufacturers abroad who are considering manufacturing for the British market by co-operating with established firms in this country producing similar goods.—Write Secretary, Development Board, Bristol, England.

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## OPPORTUNITY

for a Major Company

To increase volume of business, with net profits assured, by a man who has pioneered the latest developments in Automotive and Petroleum Merchandising.

An executive with constructive ability; successful merchandiser; synchronizing selling methods in the many services sold; create effective advertising; knowledge of needed equipment to perform different operations; training and maintaining of proper help. For the last ten years conducted and supervised an Automotive and Petroleum Maintenance Super Service Chain of Stations, averaging \$500,000.00 yearly. Is now desirous of making contact with a major company, who can use the ability of such a man.

Compensation can be based on the increased business he produces. For further details or an appointment, address OS, 850 Graybar Building, New York.

slightly below those of February, with industrials dropping 12 and rails, eight points. Bond sales increased, but prices eased slightly.

One of the interesting features in mid-March was a slight rise recorded in the index number of prices of farm products reported by the Agricultural Department, this being the first increase recorded in nine months.

The railways in February, on the basis of early reports, indicated a doubling of net earnings in February over January. This was generally credited to the ten per cent wage reduction taking effect in that month.

### Few banks were failing

BANK failures in March numbered only slightly more than 40 as against 115 in February and 342 in January. Bank clearings at our 200 leading cities declined 37 per cent from March a year ago, New York City clearings dropping 40 per cent and those outside of New York 32 per cent.

March weather was hurtful to exposed crops. A wide-spread freeze hurt peaches, berries and truck well down to the Gulf and eastward to Florida. In the Southwest, dust storms, due to lack of rain, injured winter wheat, but copious rains in the Northwest from Oregon and Washington east to the Dakotas helped restore moisture lost during the preceding two years. Early estimates as to the winter-wheat crop point to a heavy decrease, perhaps 30 per cent, in yield from last year's peak. An enlarged area in spring wheat may partly offset this.

Business failures exceeded a year ago in each month of the first quarter and liabilities also were heavier.

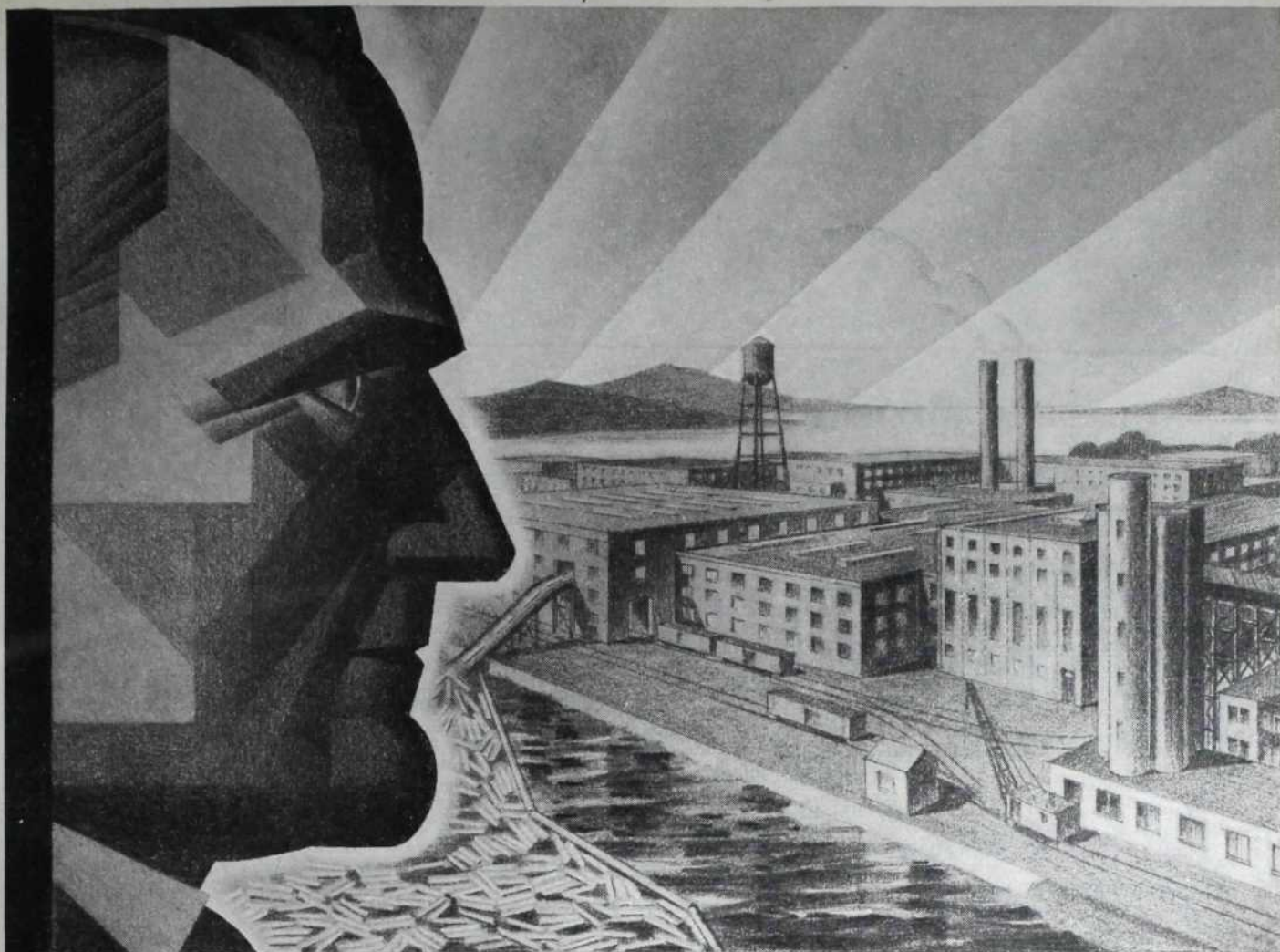
## Business 'Does Something About It'

IT is no novelty to say that the public is responsible for the high cost of government, for it is something of a truism that the apathy of the taxpayer gives tacit approval to our pork-barrel politics, with all its attendant waste and extravagance. But occasionally it is possible to believe that the friends of economy can do something in their own behalf, and that the official representatives of public opinion are in fact sensitive to public opinion when it is clearly articulated.

Timely evidence that business thinks that "something can be done about it" is presented by Lamot duPont, presi-

(Continued on page 78)





*Behind your daily newspaper — the pulp and paper mill — and the NORTON PULPSTONE*

## NEWSPRINT « » « »

From the great forests — a never ending stream. Logs for the pulp mill, the grinders — pulp for the paper making machines — newsprint for the printing press, newspapers for readers everywhere, every day — millions of them.

This great industry, too, looked to modern manufactured abrasives, modern grinding — the NORTON PULPSTONE to convert logs into pulp.

Grinding, Norton Abrasive and Abrasive Products have become vital to the world's great industries. Norton Company, Worcester, Mass.

# NORTON

Grinding Wheels . . . . Abrasives for Polishing  
 . . . . Abrasive Aggregate . . . . Floor and Stair Tile . . .  
 Grinding and Lapping Machines . . . . Refractories  
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Great Industries  
 No. 9



# With current prices and DOES

## Products of Worthington



### FEATHER VALVE COMPRESSORS

Portable "Air-King"—gasoline engine and electric motor drive; 110 cu. ft. to 360 cu. ft. displacement; single-stage and two-stage; horizontal and vertical; motor truck, tractor, trailer, railroad car and mine car mountings. For contractor, railroad, mine, quarry and industrial requirements.

Stationary—Electric motor, steam, Diesel engine, gas engine, flat belt and V-belt drive; single-stage and multi-stage; for air, gas or ammonia service; sizes and capacities to meet entire range of industrial requirements. Air lift and gas lift units.

### ROCK DRILLING EQUIPMENT

Rock Hammers for hand drilling rock, shaft sinking, etc. Auger drills for coal mining. Drifters for mine tunneling, opening and development work, and hydro-electric construction work, aqueducts, dams, locks, etc. Broaching drills. Plug and feather drills. Forging furnaces and automatic heat treating machines for drill steel. Drill steel, hose and other accessories.

### CONTRACTORS AIR TOOLS

Clay spades, trench diggers and backfill tampers; for conduit, sewer and other trench work. Pavement breakers, asphalt cutters and concrete breakers.

### DIESEL ENGINES

Vertical types for direct power or generator service—stationary and marine service.

Single-acting—two-cycle, direct injection; four-cycle, air or direct injection.

Double-acting—two-cycle, air injection.

Ranges of power through various types from 50 hp. to 12,000 hp.

### GAS ENGINES

Horizontal four-cycle double-acting type; utilizing natural or blast furnace gas; for power or gas compressor service. Sizes 160 hp. to 5000 hp.

Vertical four-cycle single-acting type; for generator and general power service. Sizes 50 hp. to 1800 hp.

### MULTI-V-DRIVES

V-molded rubberized cord belts running in V-grooved sheaves. Wedging contact transmits power smoothly, efficiently and economically over short centers. Capacities  $\frac{1}{2}$  hp. to 1000 hp. Developed in conjunction with Goodyear Tire and Rubber Company.

### FEEDWATER HEATERS

Stationary and Marine—Open type. Water is heated by direct contact with steam, assuring maximum heating and highest temperature with least waste. Water is purified and deaerated. Pronounced saving in water and coal.

Locomotive—Open type. The most effective means of heating feedwater for locomotive use. Average results show that these heaters remove 80% corrosive oxygen from the water and effect savings of 12% in fuel and 14% in water.

### PUMPS

Steam Pumps—Reciprocating crank-and-flywheel and direct-acting types; simplex, duplex and duoplex; horizontal and vertical; piston and plunger; simple, compound and triple expansion; condensing and non-condensing. Complete lines of pumps for water, hot and cold oil, and other liquids.

Centrifugal Pumps—Volute and turbine; horizontal and vertical; single-stage and multi-stage; open and closed impeller types. For electric motor, engine, turbine, belt or other drive. Standard construction for general service, and special designs and materials for oil, acids, brine, sewage and paper stock. High efficiency pumps for waterworks and other exacting services. Capacities from 5 g.p.m. Monobloc type to 250,000 g.p.m. drainage and circulating types. Pressures from 2 ft. head propeller type to 2,000 lb. boiler feed type.

Power Pumps—Horizontal and vertical; single, duplex and triplex; piston and plunger; for belt, gear, motor or engine drive. A wide range of sizes and types for all kinds of service.

Rotary Pumps—Types for handling light or heavy, non-abrasive and non-corrosive liquids having either lubricating or non-lubricating qualities. Positive displacement. For belt drive or direct connection to motor.

Deep Well Pumps—Rotating shaft types. Axiflo and Coniflo pumps with electric motor, belt or steam turbine drive; for depths to 400 ft.; operate with constant high efficiency and with non-overloading horsepower characteristics.

Reciprocating types: Single-acting and double-acting single plunger, and single-acting two and three plunger pumps; for wells deeper than 400 ft.

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Irrigation and Drainage Pumps—Axiflo and centrifugal, for rice fields, cranberry bogs, farm lands, drydocks, cofferdams, etc.

### STEAM CONDENSERS

Surface, barometric and jet condensers of varied types and sizes, in ranges of capacity from the small power plant to the largest public service central power station requirements. Also complete systems, including condenser auxiliaries, vacuum pumps, steam-air ejectors, etc.

### METERS

For cold or hot water, boiler feedwater, cold or hot oil, distillates, gasoline, grease, etc. Built in disc, turbine-velocity, compound and piston displacement types in ranges of size to meet practically all industrial requirements.

### CHROMIUM PLATING

For machinery parts, such as rolls, platens, piston rods, driving shafts, valves, etc., where resistance to wear, abrasion, corrosion or high temperature is important, or where low coefficient of friction is desired. Worthington is fully equipped for the highly skilled treatment necessary for this class of plating, and invites correspondence on requirements.

## INQUIRIES

Literature covering any of these products will be sent upon request. Use the coupon on the opposite page.



# available volume YOUR PLANT PAY

TO help you make it pay, Worthington offers, without obligation, the services of an able group of service and production engineers qualified to make a study of your present equipment insofar as it comes within the scope of Worthington products, and to determine whether changes in, or rehabilitation of, such equipment can yield you lower costs.

Now, when equipment and modernization costs are at bed-rock, is the time to determine definitely how you can get every last ounce of production and operating economy out of your plant. A common-sense program may enable you to effect material economies at once.

Fill out the coupon below to bring either 1, a call at once from one of our engineers to discuss this problem; or, 2, printed matter describing any of the Worthington products listed on the opposite page.

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Works: Harrison, N. J. Cincinnati, Ohio Buffalo, N. Y. Holyoke, Mass.

Executive Offices: 2 Park Avenue, New York, N. Y.

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G-125

# WORTHINGTON

Worthington Pump and Machinery Corporation, Harrison, New Jersey

- ☐ Send a competent engineer to see me at once.  
☐ Send descriptive printed matter on the following products:

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Note: If possible, attach to this coupon an outline of the conditions of service existing in your plant for each of the products on which you want information.

Name ..... Position ..... Type of Business .....  
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"A"

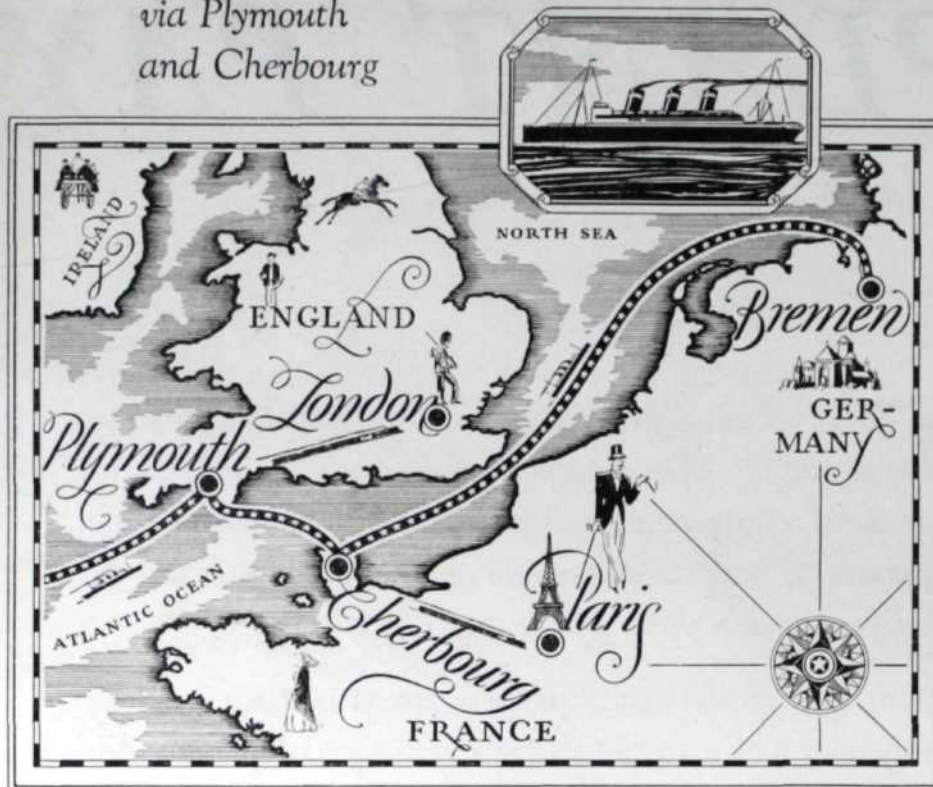


# Now the **LEVIATHAN**

AMERICA'S GREATEST AND SMARTEST SHIP

## GOES TO BREMEN

via Plymouth  
and Cherbourg



**N**OW for your convenience, the great *LEVIATHAN* goes through to Germany—calling at Plymouth, the quick, scenic route to London and at Cherbourg for daytime arrival in Paris.

Choose the *LEVIATHAN*—or any United States Lines or American Merchant Lines ship—when you go to Europe. You'll be glad you chose an American flag steamer. You are sure of your own kind of service, modeled to the American preference—the food you like the way you like it, stewards who understand your language, rooms you will consider well-appointed, every

convenience and privilege of ocean travel—plus the American standard of living.

And you'll appreciate the moderate rates when you book, whether it's luxurious First Class on the *LEVIATHAN*—or Cabin Class on the *PRESIDENT HARDING* or *PRESIDENT ROOSEVELT*, the world's fastest Cabin ships—or an American Merchant Liner, carrying one class only, at fares as low as \$100.

Now under construction—the largest and finest liners ever built in America—*S. S. MANHATTAN* and her sister ship.

FARES  
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**20%**  
on U. S. Lines

*S. S. LEVIATHAN* sails May 17; June 7; June 28  
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to Ireland, England, France and Germany  
An American Merchant Liner every Friday to London

For full particulars apply to any authorized steamship agent or to

# UNITED STATES LINES

## AMERICAN MERCHANT LINES

Roosevelt Steamship Company, Inc., Managing Agents  
No. 1 Broadway, New York—Offices or agents everywhere

(Continued from page 74)

dent of the E. I. duPont de Nemours & Company, in a statement to the "stockholders, employees, and friends of the corporation." Writing under date of April 8, he said in part:

The situation at Washington deserves your active and immediate attention. The National Government is spending more money every year than the previous year and you are one of those who must eventually pay the bill.

According to the December estimate of the Secretary of the Treasury, the expenditures of the major departments and commissions of the National Government will, for the fiscal year ending June 30, 1932, exceed by \$1,231,100,000 those of 1927, when industrial activity was nearly at its peak and when prices of substantially all commodities and services were considerably higher than those of today. . . .

To finance these ever-increasing disbursements, Congress is now planning huge additional taxes to be paid for out of the already shrunken income of prostrate industry and individuals.

Taxes levied upon corporations and other producers increase the cost of their products. Higher costs lessen sales, slow down industry, increase unemployment and want; all of which drive costs still higher and further increase distress.

Taxes upon individuals have a similar effect by curtailing their capacity to purchase the products of industry.

### Questions for Congress

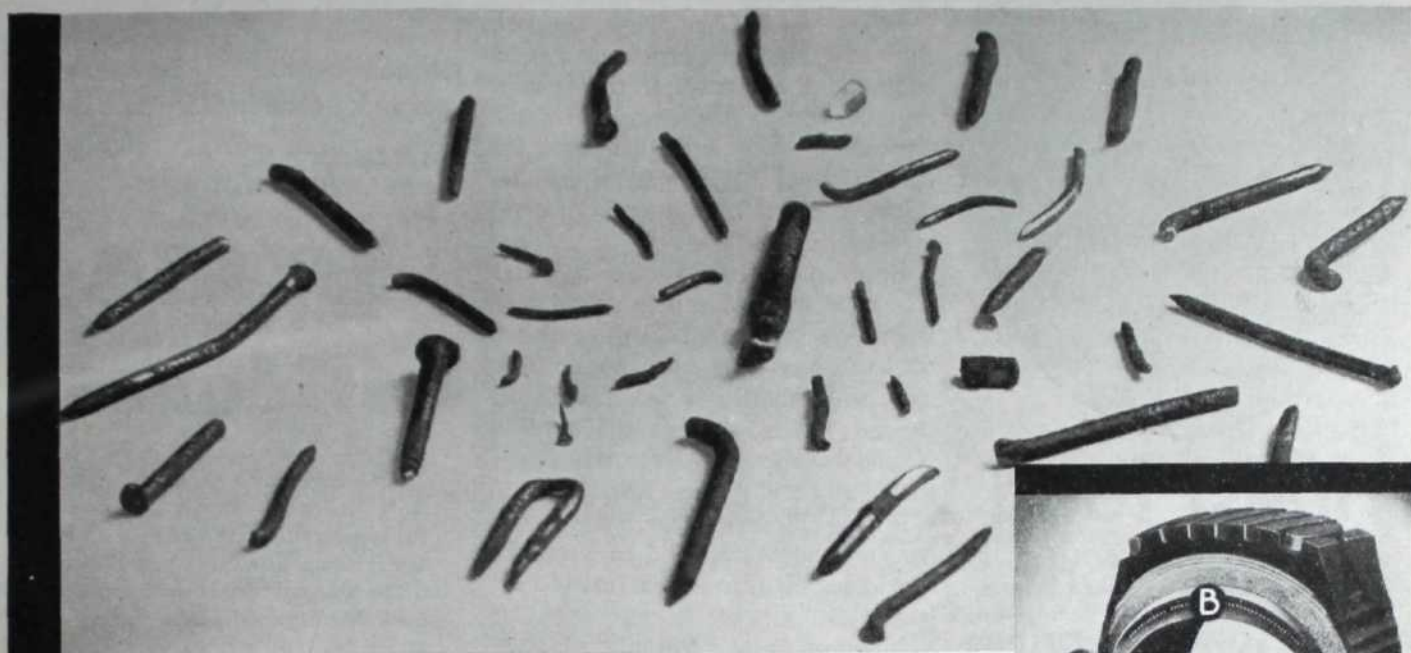
IT IS lower costs and higher purchasing power which we need today, perhaps more than ever in our history. Why are industries and individuals, which must reduce their expenditures to meet the depressed conditions, saddled with ever-mounting taxes to cover the ever-increasing expenditures of the National Government? Why should the confidence in the financial security of the Government itself be jeopardized by extravagance? Why does not Congress balance the national budget by reduction of expenditures through efficient operation and the curtailment of non-essential services and functions?

Since the curtailment of Governmental expenditures is the responsibility of Congress, these questions should be answered by Congress. Your senators and congressmen are in a position to know whether the continuance of this deplorable condition is necessary. The future of industry and employment will be affected by your action. If you feel as I do, make your feelings known immediately to your political representatives directly, through your friends, your newspapers, your chamber of commerce, your trade associations or other groups or individuals in a position to impress Congress.

If the 54,500 stockholders, and the 30,000 employees of the duPont Company share Mr. duPont's feeling and act upon his suggestion they will provide an example no less helpfully declarative to their individual Congressmen than to the business community at large.



# 42 nails and the tire *didn't* go flat!



**H**OW can a tire pick up forty-two nails, screws, etc., travel 15,000 miles, and never lose a pound of air?

Ask Mr. J. A. Sanford, Manager of The Ohio Match Company, Spokane, Washington. In his opinion every one of the 42 "penetrators" pictured above would have meant a "flat" if the tire from which they were removed hadn't been equipped with Goodrich Air Containers.

"... the tire was still giving service without loss of air pressure," he writes, "when your salesman called on us and, in company with our garage mechanic, noticed several of these nails in the casing. Your salesman suggested that the nails be extracted. The tires and Air Containers had already run 15,000 miles!"

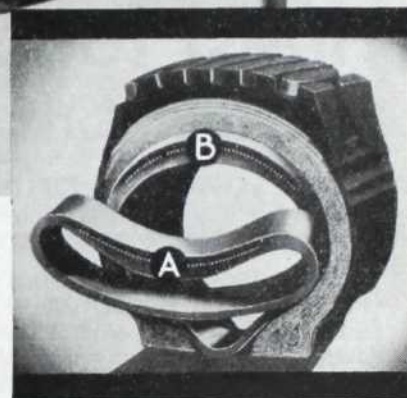
"Our trucks deliver block wood in alleys and unimproved streets. Without the protection of Goodrich Air Containers we would have many flat tires."

Goodrich Air Containers have enabled hundreds of truck operators, in every line of business, to cut costs—increase trucking efficiency. Get the facts about them from your nearest Goodrich Distributor now. Phone him. Look under "Tires" in the classified directory.

...

The B. F. Goodrich Rubber Co., Est. 1870, Akron, Ohio. Pacific Goodrich Rubber Co., Los Angeles, Calif. In Canada: Canadian Goodrich Co., Ltd., Kitchener, Ont. The International B. F. Goodrich Corporation (Export).

**THE OHIO MATCH COMPANY** has found the unbeatable combination — Goodrich Tires and Goodrich Air Containers.



*Air Containers add  
9 vital points  
to truck-tire performance*

**T**HEY seal punctures on running wheels . . . Add 25%-35% more tire mileage . . . Maintain air pressure . . . Reduce tire care . . . Reduce blow-out hazards . . . Outlast the tire—often several . . . Strengthen the tire . . . Reduce road shock—give increased cushion . . .

In above illustration (A) shows cross section uninflated. (B) inflated. The patented cord insert is the secret of the Air Containers' ability to seal punctures permanently.

## Goodrich Air Containers

**Another B. F. Goodrich Product**

Copyright, 1932, The B. F. Goodrich Rubber Company



32,000 rubber articles . Goodrich Silvertowns . Zippers . Rubber Footwear . Drug Sundries . Soles . Heels . Hose . Belting . Packing . Molded Goods.

*When buying GOODRICH Tires please mention Nation's Business*



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Actual letters from prominent business men



## Finest food in New York

... reasonable prices

says Philadelphia Manufacturer

"WHETHER you go for a hurried bite to their speed-counter Coffee Shop or dine leisurely in their beautiful Terrace Restaurant, you always get well-cooked, appetizing food at the New Yorker, flavored and served exactly right. Their Empire Tea Room and Manhattan Room are equally good. And all prices are surprisingly reasonable."

The best costs amazingly little—at the Hotel New Yorker. 2500 rooms, *over five hundred for only \$3.50 a day, single.* (See detailed description below.) Stay at the New Yorker once and you'll come back again. Just three minutes from the Pennsylvania Station by private tunnel.

ALL THIS FOR **\$3.50**  
AS LITTLE AS **\$3** A DAY

Quiet, airy, outside single room with tub and shower bath, luxuriously comfortable bed, circulating ice water, Servidor, bedside and dresser lamps, full-length mirror, Stromberg-Carlson radio (four programs).

FREE—Novel illustrated booklet, "A Vertical Village", sent postpaid. Address Room 100.

## HOTEL NEW YORKER

"Where the Best Costs Less"

34th St., at 8th Ave., New York City

RALPH HITZ, President

BOOK-CADILLAC HOTEL • DETROIT  
Also under Ralph Hitz direction

## How Two Towns Saved Their Banks

AT 2:00 a.m. Monday, January 18, T. B. Webber, president of the Urbana, (Ill.) Association of Commerce, was roused from his bed by a message that the First National Bank of Champaign, Ill., would not open its doors that day.

Urbana and Champaign are twin cities and the Champaign bank was the largest in the county. If the hysteria caused by this failure spread to Urbana, the Urbana banks would go down, too. Both Urbana banks were sound but neither could stand the strain of a run by frantic depositors.

How could Urbana's banks be saved? The problem had not been solved when frightened depositors began to gather at the banks soon after dawn, nor by 10:30 a.m., when the Busey State Bank suspended further payments. The First National Bank of Urbana was experiencing an equally severe run.

But as the excitement mounted Urbana's business men and bankers were developing a plan which saved both banks.

A day or so later a similar plan was used with equal success in Aurora, Ill. Here there was no open run on the banks but a whispering campaign, inspired by fright, was causing heavy withdrawals.

In the case of Urbana, President Webber called a special session of the Association of Commerce directors, at which a special committee of seven was appointed to take charge of the emergency.

### Depositors sign pledges

THE committee, with W. C. Noel as chairman, immediately had cards printed, to be signed by depositors, by which they pledged themselves not to withdraw funds from either bank "until this present period of hysteria has fully subsided." By 5:00 p.m., the cards were ready and solicitors had been organized to take them out.

Meanwhile both banks had provided the Association with lists of depositors having more than \$500 to their credit.

The business section was canvassed first, and by 7:00 p.m. Postmaster John Gray and John T. Wilcox, undertaker, two of the solicitors, had brought in 150 signed pledge cards. They had not had a single refusal. All the larger depositors were canvassed that evening.

Lists of the smaller depositors were obtained and the all-night job of getting them ready for solicitors was begun. At



Glorious outdoors... the comfort of spacious, uncramped living... swimming... deck sports... sightseeing in foreign ports.

## GO BY SEA TO California

NO hum drum when you go to California *this way!* A wonderful outing full to the brim with fun and good fellowship. Just the sort of trip that puts tired business people back into tip-top condition.

Panama Pacific liners make the run in the record time of 13 days. New, and lavishly appointed, they offer you accommodations comparable to those of the best transatlantic liners. And the food? Panama Pacific food and service are unsurpassed anywhere on the seas.

Regular sailings from New York to Havana, Panama Canal, San Diego, Los Angeles and San Francisco. Accommodations in de luxe First Class and comfortable Tourist Class.

**RETURN BY SEA from**  
**U. S. CHAMBER OF COMMERCE**  
**CONVENTION**  
**in San Francisco**  
**S. S. VIRGINIA**

from San Francisco May 21  
from Los Angeles May 23

If you're going to the U. S. Chamber of Commerce Convention in San Francisco—May 16 to 20—plan now to return *by sea*, and enjoy two weeks of rest and recreation—a return trip that is really an *extra vacation*.

## Panama Pacific Line

ALL NEW STEAMERS

INTERNATIONAL MERCANTILE MARINE COMPANY

30 Principal Offices in the U. S. and Canada  
Main Office, No. 1 Broadway, New York  
Authorized S. S. or R. R. agents everywhere.



3:00 a.m. Mayor R. C. Harmon was called into a conference of the bankers and their legal advisers and was asked to sign a proclamation which had been drawn up. Under its terms martial law was declared in Urbana and business houses were closed for five days.

A meeting of the city's merchants was called for 7:00 a.m., at which the situation was explained. They voted unanimously to support the proclamation. With the business houses and banks closed, the solicitors continued to canvass the depositors throughout the day and until Wednesday afternoon. With practically all the depositors signed, the bankers held a second conference at 3:00 p.m. Wednesday, after which the Mayor rescinded his proclamation.

Business houses reopened late that afternoon, and the banks resumed business Thursday morning.

### Confidence was rebuilt

THE Emergency Committee continued its sessions throughout the week, handling details of the situation, checking on whispering campaigns, appealing to citizens to bank in Urbana. "Confidence cards" were issued and displayed in all business houses which had displayed the Mayor's proclamation. A "Secret Committee of 300," whose personnel was known only to the organizer, Postmaster Gray, was formed to combat whispering campaigns against the banks.

Almost concurrently a similar crisis had arisen and was being met in Aurora, Ill. This city of 50,000 people, located in a prosperous farming region in the Fox River Valley, has five banks. Citizens hearing of bank failures elsewhere became frightened. Unspectacular but steady withdrawals began. Banking and civic leaders met the night of January 21 to discuss the situation. With all the banks represented, it was agreed to ask the Mayor to proclaim a five-day holiday and to bring the banking situation before the people through frank and open discussions.

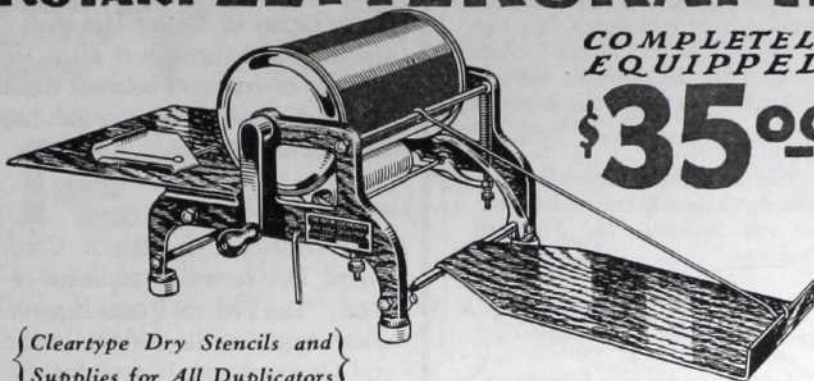
The banks provided volunteer workers with cards showing the names of their depositors. Solicitation was begun at 8:00 a.m. Saturday and by 4:00 p.m. all the pledge cards were distributed and half of them had been returned signed. Talks intended to bolster confidence were made Sunday and the canvass was completed Monday.

Banks and business houses opened their doors Wednesday morning to crowds of depositors and shoppers. Aurora had successfully passed her financial crisis.

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## 23,800 New Votes of Confidence

REGISTERED holders of Associated Gas and Electric securities now total 237,115, a gain of 23,837 during 1931. Growth has been continuous:

1924 . . .	6,000	1928 . . .	66,263
1925 . . .	38,000	1929 . . .	190,139
1926 . . .	41,000	1930 . . .	213,278
1927 . . .	56,537	1931 . . .	237,115

•Of these, 105,035 are customers who use Associated services to cook their meals, light their homes, run their radios. Their approval of the System's operations is expressed by their investment in Associated securities.

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**R**ight now, is your estate negotiable? Would you want to sell the securities which comprise it at the market?

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Talk to a John Hancock representative about it today. Or write for our booklet, "My Financial Problems."



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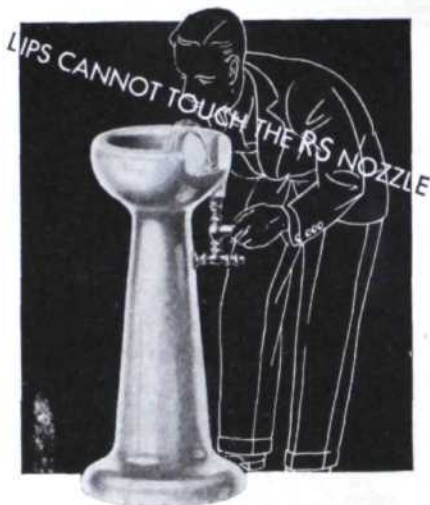
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Write for the R-S catalog. Colors are available for any color scheme.

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## On the Business Bookshelf

**J**AMES A. THOMAS' book, "Trailing Trade a Million Miles," is the personal story of one man who helped introduce American products into the Orient. His selling took him from New Zealand to China and from Japan to India. His story is interesting and through it all is the philosophy of one who believes steadfastly in the necessity and mutual profit of international trade.

THE National Industrial Conference Board has recently published a pamphlet, "The Federal Fiscal Emergency," which explains the deficits in the Federal Government's budget for the fiscal years 1931, 1932, and 1933. Trends in expenses are given. The conclusion is that economies are necessary, but economies alone cannot balance the budget. Additional emergency revenues are necessary.

"BUSINESS LAW," by Thomas Conyngton, attempts to explain the laws governing business so that the average man can get the information he wants without searching through the legal

maze. This volume is not, like most books on the subject, difficult to read.

Even the 700 pages of Mr. Conyngton, however, cannot explain all the law; but they do help considerably, especially in letting the business man know when it is essential that he seek legal counsel.

AN interesting story of 15 of America's largest corporations is told in "Fortune's Favorites." Beginning with American Telephone and Telegraph and ending with the Coca-Cola Company, the whole book is interesting.

The tenor of the stories, more or less eulogistic, makes an interesting contrast to the books by socialistic authors railing at the size of successful American companies.

<sup>1</sup>**Trailing Trade a Million Miles**, by James A. Thomas. Duke University Press, Durham, N. C.

<sup>2</sup>**The Federal Fiscal Emergency**. National Industrial Conference Board, Inc., New York, \$1.50.

<sup>3</sup>**Business Law**, by Thomas Conyngton. Third Revised Edition. The Ronald Press, Company, New York, \$6.

<sup>4</sup>**Fortune's Favorites**, an anthology from Fortune Magazine. Alfred A. Knopf, New York, \$5.

## Where Business Will Meet in May

DATE	ORGANIZATION	CITY
2-4	American Supply & Machinery Manufacturers Association	White Sulphur Springs, W. Va.
2-4	Southern Supply and Machinery Distributors Association	White Sulphur Springs, W. Va.
2-6	American Water Works Association	Memphis
2-7	American Mining Congress	Cincinnati
4-6	National Foreign Trade Council	Honolulu
9-12	National Association of Retail Meat Dealers	Toledo
9-13	National Fire Protection Association	Atlantic City
wk. 9	New Jersey State Hotel Association	Asbury Park, N. J.
wk. 10	Pacific States Paper Trade Association	Del Monte, Calif.
11	Empire Association of Manufacturers of Heating and Cooking Appliances	New York
11-13	Associated Cooperage Industries of America	Memphis
12	Maryland State Association of Mutual Fire Insurance Companies	Baltimore
12-13	American Gear Manufacturers Association	Cleveland
13-15	Association of Community Chests and Councils	Atlantic City
15	Maryland, Delaware, and District of Columbia Ice Assn.	Boston
15	New England Traffic League	Baltimore
wk. 16	Western Traffic Conference	Portland, Ore.
17-18	Inland Daily Press Association	Chicago
17-19	Tri-State Hospital Association	Richmond, Va.
17-20	Chamber of Commerce of the United States	San Francisco
18	Southern Cypress Manufacturing Association	Jacksonville, Fla.
19-20	National Manufacturers of Concrete Burial Vaults	Cleveland, O.
19-21	Association of National Advertisers	Cincinnati
19-21	National Association of Printing Ink Makers	White Sulphur Springs, W. Va.
19-21	National Retail Coal Merchants Association	Louisville, Ky.
19-21	New Jersey Bankers Association	Atlantic City
19-21	Northwestern Retail Coal Dealers Association	Minneapolis
20-21	American Association of Medical Milk Commissions	Washington
23-27	Linen Supply Association of America	West Baden, Ind.
25-27	American Leather Chemists Association	Atlantic City
26	American Home Magazine Publishers	New York
26	National Board of Fire Underwriters	New York
26	Porcelain Enamel Institute	Cleveland
26	Rice Millers Association	Beaumont, Texas
26-28	National Retail Coal Merchants Association	Louisville, Ky.
last wk.	National Confectioners Association of the United States	Atlantic City
31-Je. 2	International Circulation Managers Association	Toronto, Ont.

Secretaries of national trade associations are urged to notify Nation's Business of their coming meetings. Notice of conventions should reach Nation's Business at least 30 days before date of publication of the issue in which they are to appear.



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LIFT THE HOOD of a Dodge Truck and you will find convincing proof that Dodge Trucks are money makers for their owners.

This beneath-the-hood inspection will disclose a clean-cut truck engine—rugged in looks, modern in design. It will disclose the sturdy frame, the fluid reservoir that says internal hydraulic brakes. Such inspection will disclose these and other details of precision design and construction that tell you, without the need for further proof, that everything about the truck—the axles, the springs, the transmission, the driving mechanism, all parts—are equally modern, equally an assurance of long, dependable performance at low cost.

See your nearest Dodge dealer. Whatever your hauling needs may be, it will pay you to acquaint yourself with Dodge Truck value.

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LASALLE EXTENSION UNIVERSITY

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## Common Sense and Profits

(Continued from page 20)

ton psychology that is going to be extremely hard to deflate. I refer to the exorbitant rentals charged for business premises. Good store locations were in such demand during the lush years that rentals frequently went to entirely uneconomic figures. The merchant whose lease expired usually faced the choice of signing a new agreement at a higher price or moving. Someone else always coveted his location and was willing to pay a high figure for it. Now, with prices down and dollar-volume depleted the merchant finds himself severely handicapped. Manufacturers and wholesalers are vitally concerned. The president of a large hardware jobbing house says:

### Rentals are too high

"SINCE the depression started we have been looking into the credit standing of our customers and we have asked some 300 of them to bring their operating statements in for discussion with us. In almost every case the store rental is too high. Retailers who should be paying a rental of \$60 a month are paying \$150; others who should have an expense of \$200 a month are paying \$350."

Radical as this statement may seem, I can testify that the wholesaler's figures are too low. He deals with hardware merchants who are generally more conservative than most. The lower East side of Manhattan Island, for example, is a section where one might expect business rentals would not have risen to any great extent. There are scarcely any modern business buildings and the population has materially decreased during the past decade. Most of the merchants are foreign born and deal with foreign born working people. But one merchant after another told me how much rent he paid in comparison with a dozen years ago. An Italian food dealer pays \$150 now for the store he used to rent for \$40. A Jewish piece goods merchant pays \$125 instead of \$35, and a second-hand clothes man pays \$175 for a location that formerly brought \$50.

The same thing is practically duplicated in small communities throughout the country. In the village where I was born the two stores on either side of the post office rented years ago for \$35

a month each and none of the occupants ever made a fortune. Now the same locations bring \$125 apiece. In a southern town with which I am familiar a certain store rented before the War for \$65 a month. Recently the tenant told me he was paying \$250; and the 1930 census showed the town to have a smaller population than in 1920.

Even the large chain store organizations, which have reduced the leasing of business property as nearly as possible to a scientific basis, are finding that they were influenced by the prevailing 75-cent-cotton psychology.

Why did rentals go so much higher than commodity prices or the country's total business volume? Some of it, of course, was due to the optimism of merchants who went on the theory that "expenses don't count if I am where the crowds are." Some of it was due to speculators who gambled on a rising market and obtained locations that they could sub-lease at a profit. But a more potent influence has been the tendency of municipal authorities everywhere to spend the public's money extravagantly. Every increase in the tax rate means a corresponding increase in store rents on Main Street or on Fifth Avenue.

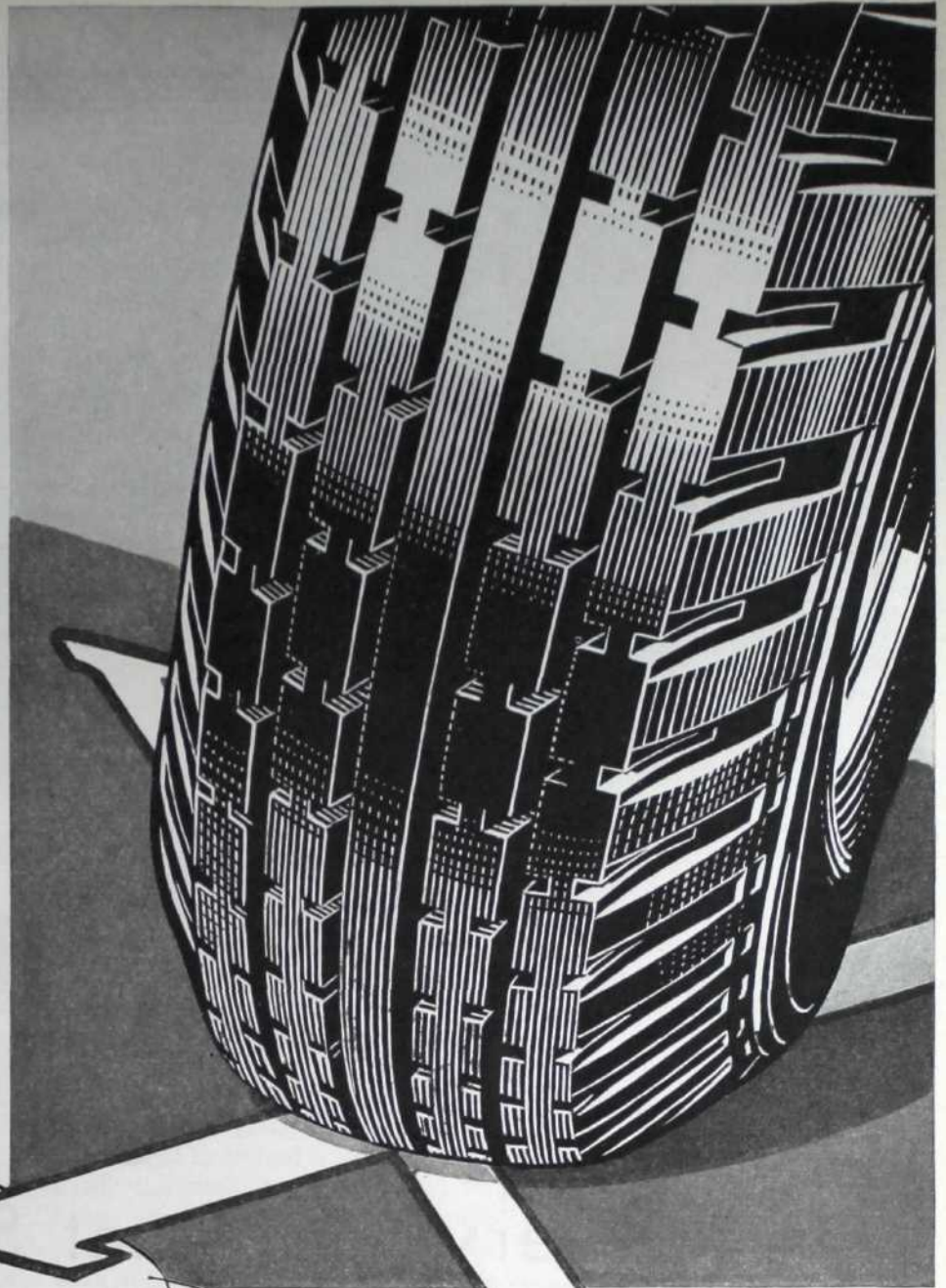
As I write this a struggle is going on between the New York City administration and the bankers over the matter of a loan. The bankers refuse to advance money unless the administration lops off a sizable percentage of its projected expenditures for the current year.

Faced with this ultimatum the city Board of Estimate finds it can omit enough items from its projected budget to meet the bankers half way. One item placed on the "suspense calendar" was a new \$78,000 lion house for Prospect Park.

### Prosperity is close by

SENSIBLE business men have concluded that no miracle is in the offing. Probably it will be a long time before business reaches pre-1929 volume. But prosperity does not depend altogether on volume. When general business shows a profit there is prosperity. And enough business is going on even now to show a profit. When enough business men adjust their operations to present conditions there will be no need of a miracle.





"X"

MARKS THE SPOT

ONLY a small part of a tire is actually in contact with the road at any one time. But much depends on this small area—traction, safety, wear! The best tire is no better than its tread. And the Tempered Rubber tread of the new U. S. Tires is the toughest rubber that ever rolled over a road. That's real economy!

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WORLD'S LARGEST  PRODUCER OF RUBBER

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**A**NOTHER reason for letting the C. I. T. Organization do your sales financing is the advantage of having our nation-wide system of Local Offices give expert service in checking credits and making collections. There are more than 140 of these C. I. T. offices strategically placed throughout the United States and Canada. Machinery, equipment and other manufacturers selling the national market may thus through C. I. T. maintain effective contact with purchasers every-

where, at a minimum of overhead cost.

Merchants who sell a local market have quick access to a near-by C. I. T. office, which is part of the community but has back of it the financial strength and resources of a great country-wide banking institution.

If you sell on the time payment plan, or have dealers who do, our representative in your territory will be glad to explain all features of C. I. T. Financing Service.

### COMMERCIAL INVESTMENT TRUST CORPORATION

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# Things Talked about in Wall Street

By a Staff Writer of NATION'S BUSINESS

APRIL 7

**S**O FAR as business was concerned March went out like a lamb and lamb with a tail between its legs—or in whatever way a lamb displays its feelings of fear and helplessness. The stock market wavered and sank. The House of Representatives passed a tax bill and Wall Street groaned that all brokers were ruined. It didn't occur to them that the Senate had still to act on the bill and that it would be rewritten in conference finally. They might have figured, too, that the other side of the shield was that the Congress hadn't quit without some sort of an effort towards producing a balanced budget.

THERE won't be much sympathy in the country away from Wall Street with the brokers' moans. "Dat ol' debbil," the Money Trust, still lives in Wall Street and though his tail is limp and his horns blunt and broken he gets little pity from west of the Hudson.

CAUTION is no doubt an admirable thing but some industrialists think that the banks are inclined to carry caution too far—not in granting loans necessarily but in the distribution of money. Here's a story told by a manufacturer after a recent directors' meeting.

"I'm not as intimate with the affairs of this company as I am with my own but I knew, and the reports confirmed that knowledge, that it had had a good year in 1931—a good year that is for 1931.

"The question of paying the dividend on the preferred stock came up and was passed around the table. I said I thought it should be paid since it would cause no real drain on reserves and furthermore was a cumulative dividend and would have to be paid sometime. Then I added that I should like the opinion of the man next me who is president of one of the city's largest banks.

"There was no doubt about his opinion. The dividend should not be paid. The company must keep itself liquid—and so on and so on. The other banking member of the board agreed and the

dividend was not paid. It didn't seem right to me and it doesn't yet."

HERE'S the point of view of the chief economist of one of our leading industries:

"I wouldn't even make a guess just now as to the future course of business. There's no use trying to see through a thick fog. The best you can do is go ahead slowly and keep your eyes and ears open.

"In a little while we shall be in a position to form a better judgment of the future. The Lausanne conference on reparations and the elections in Germany and France will be over. Our government will have settled its tax bill and we shall know more about the budget situation.

"Call me up early in July and I might make a guess—and you'll notice I say guess, not prediction."

WE SEEM, in the opinion of many observers, to be going through just now what might be termed a "credit panic." Credit facilities have been enlarged, the banks are increasingly liquid, there is plenty of money in sight, but on both sides of the counter, the borrower's side and the lender's side, there is fear.

It is probable that this state of mind as well as the results of actual transactions is reflected in the increasing number of banks that have reduced dividends.

THE old timer was talking about panics, including this credit panic.

"I suppose," said he, "we will never again see a currency panic such as that of 1907 when business houses paid workers with checks, for which it was almost impossible to get cash and clearing-house certificates circulated in place of money.

"One man I knew had several thousand dollars in savings banks. He got it all out in cash before they put in the rule requiring 60 days notice of withdrawal, went down town with it and sold it for a premium (seems to me it was 10 per cent) got the certified check

for the total and used that to buy some bonds which were then very low. He did well on the transaction.

"It's hard to imagine a city without small bills but that's the way New York seemed to us then. And hoarding! No one who had a \$5 bill spent it if he could possibly help it."

THE banks didn't like the Glass Bill and said so. Their opposition took three major lines:

1. Some of its provisions were unfair since they gave the state banks, which were non-members of the Federal Reserve Board, advantages over the National banks and other Federal Reserve members.

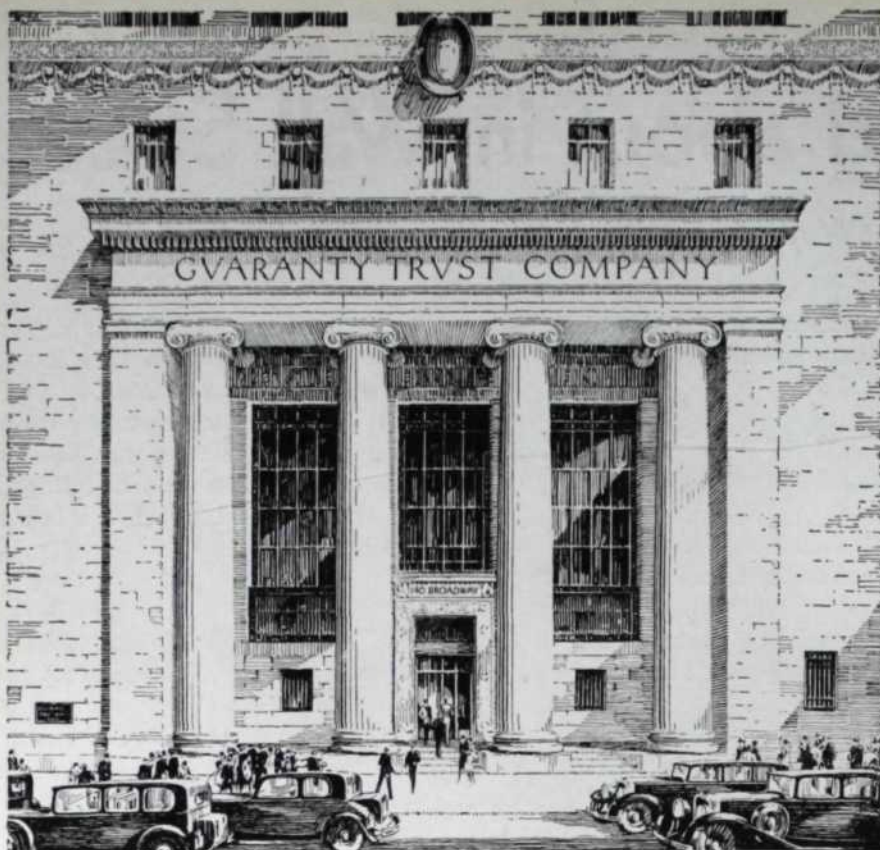
2. Some of its provisions, while proper subjects of discussion, were dangerous if enacted now. Specifically they feared the redefining of the powers of the national bank as to ownership of securities since it would lead to unloading of such securities on a market unable to absorb them. Similar objections were made to the provisions as to lending on real estate and ownership of real estate. This is no time, bankers and business men thought, to redraft these provisions of the national banking laws. The whole question of banks and affiliated security companies might perhaps be considered in more normal times but just now it would be dangerous arbitrarily to divorce security companies from their banks.

3. The clauses proposed in the Glass Bill to check stock-market gambling would greatly increase the bureaucratic powers of the Government over the banks.

On this point President Strawn, of the United States Chamber of Commerce, put on record that organization's objection to the Glass Bill:

A strong deflationary influence is noted in the requirement that the 15-day advance of a reserve bank to a member bank become immediately payable if during the life of the advance the member bank should increase its loans on collateral security despite an official warning. The further requirement that the member bank would be ineligible to borrow at the reserve bank upon its note during such period as the Federal Reserve Board may determine is





THE advantages of ample resources, complete national and international facilities, and the service of experienced officers are available to the commercial customers of this Bank.

## Guaranty Trust Company of New York

140 BROADWAY

FIFTH AVENUE at 44TH STREET

MADISON AVENUE at 60TH STREET

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described as an undue and harsh grant of power to reserve authorities.

THE bankers were resigned to Senator Glass' burst of indignation against "organized propaganda." It's always "organized propaganda" when you disagree and "an uprising of public sentiment" when you agree with a statesman.

"WE HAVE talked a lot about excess plant capacity," said the banker. "Well, my judgment is that this era of low business through which we are passing is going a long way towards settling that question without any passage of laws. All over the country long-established plants are being closed sometimes on the advice of their bankers, sometimes through the reasoned judgment of their owners. And they're being closed in many, perhaps most, cases never to reopen. They have learned by experience or have been told by observant outsiders that there is no hope for them in these days of low cost and sharp competition.

"It's the law of the jungle, the survival of the fittest. It's a hard law but it may do more to bring consumption and production closer together than all the economic planning that has ever been talked about.

"In sports we get all sorts of handicapping plans to make a close race and let the slower runner finish right up abreast of the speedier one. In business they seem all to have to start at scratch and the best gets the prize."

HERE'S the sort of thing that floats through Wall Street these days:

"Do you realize that rubber at three cents a pound is selling in New York at less than the cost of bringing it from Singapore?"

The fact is that cargo rates for rubber from Singapore to New York are about \$8.50 a ton and at its present price rubber is over \$60 a ton.

But Wall Street is ready to believe anything.

THE geography of bank applications for help from the Reconstruction Finance Corporation interested Wall Street. There were about 900 banks which applied for help; of these Iowa supplied nearly a tenth; Illinois ran a close second; districts least in need were New England and New York.

WHAT'S a banker? Senator Couzens the other day said that within the meaning of the act creating the Reconstruc-



# Like FACING *a* JUNGLE TIGER....



**T**HAT'S the way many a national advertiser feels about New York—the roughest, toughest *and richest* market in the world.

Almost 14% of the country's retail sales arise here (source: U. S. Census of Distribution). Yet only a little more than 9% of the total U. S. circulation of the six largest women's magazines gets into this area. It is evident, then, that even a big national magazine campaign directed at women is not enough.

But this seemingly difficult market is a tame tabby to national advertisers who realize that New York needs special treatment. You can use full color, and for \$11,700 reach over four million high income magazine-type readers concentrated in the New York area! You can buy approximately NINE color pages for the cost of a SINGLE color page in

a leading woman's magazine! You can tame New York inexpensively and surely and the method is told in detail in a new, 24-page book called "Balanced Coverage," which will be sent you free, if you write before the limited supply is exhausted. It's something NEW in selling NEW YORK. Write today.



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Send me a copy of "Balanced Coverage".

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# Southern Pacific

*add the whole*

## Pacific Coast

*to your California Roundtrip!*

**GO WEST** one Southern Pacific route, return another and see more of the West and more of the United States than on any other railroad.

Only Southern Pacific's rails serve many of the West's greatest attractions. To make sure that your ticket includes the West you want to see, insist that your routing include two of Southern Pacific's 4 Great Routes that meet and run along the whole Pacific Coast. For example: Go West by a Northern United States or Canadian Line. Then by *Shasta Route* to California. San Francisco and Oakland. Then South to Los Angeles and the Olympiad. You can return by either *Sunset Route* via San Antonio, Houston and New Orleans; or *Golden State Route* via El Paso, Kansas City and Chicago; or *Overland Route* (Lake Tahoe Line). Or you can reverse the order, going West by southern or central routes and returning by northern lines. At no extra cost you can enjoy a Southern Pacific steamship voyage between New Orleans and New York.

You choose from America's finest trains. The very latest in equipment brings new comforts. Air-conditioned and cooled dining cars after June 1 on "Overland Limited" and "Golden State Limited."

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U. S. Chamber of Commerce, May 16-20 in San Francisco where the 4 Great Routes meet.

Write for detailed itinerary to O. P. Bartlett, Dept. V, 310 So. Michigan Blvd., Chicago, or H. H. Gray, Dept. V, 531 Fifth Ave., New York City. Name your Pacific Coast destination and the places and side-trips you want to include in your roundtrip ticket. (See Map).

**Map Locations:** VANCOUVER, VICTORIA, SEATTLE, TACOMA, PORTLAND, SACRAMENTO, SAN FRANCISCO, OAKLAND, Lake Tahoe, Yosemite, Del Monte, Gen. Grant Nat'l Park, Sequoia Nat'l Park, SANTA BARBARA, LOS ANGELES, Olympic Games, SAN DIEGO, Agua Caliente, Carlsbad Caverns, The Alamo, NEW ORLEANS.

**Routes:** Canadian Rockies, Northern U.S. & Canadian Lines and Shasta Route, Yellowstone, Crossing Great Salt Lake, OVERLAND ROUTE, GOLDEN STATE ROUTE, SUNSET ROUTE.

**Side-trips:** CHICAGO OR ST. LOUIS VIA OMAHA, OGDEN AND RENO. (FREE SALT LAKE CITY SIDETRIP); CHICAGO OR ST. LOUIS VIA KANSAS CITY, EL PASO, TUCSON AND PHOENIX.

tion Finance Corporation, Kuhn Loeb & Company and J. P. Morgan & Company weren't "bankers." They were just "merchants of money" he said. And that seems to me after all to be a pretty good definition of a banker's job.

WALL Street, in these hard times, is not too saddened for a good laugh. Going the rounds now are:

A new statue has been proposed for the financial districts: "To an unknown solvent."

A farmer owing \$50 an acre to the Federal Government on land now worth \$5 an acre, writes to the Government: "If you don't come and paint this place I'll move out."

## Confessions Of a Capitalist

(Continued from page 42)

viduals is that losses must also be left in private hands. Those who desire to supersede private enterprise would do well to leave for a moment the discussion as to what they would do with these profits and gains when they had brought them under public ownership, and consider how losses can be avoided, or shared out, if we replace the individual effort which is now directed to that end.

The next point that should be mentioned in the discussion of profits is the extraordinary fuss that is made about them. The public mind magnifies and exaggerates profit out of all proportion to other and more important considerations in the economic structure. Suppose, for instance, that I were to produce bread at two cents a loaf. To begin with I should put everybody else in the bread business into bankruptcy. That operation would receive no public notice. Next, I should double the supply of bread and abolish hunger. That also would excite no comment.

## Considering profits only

ALL these benefits would be overlooked, and every one would seize upon my profit. Articles would be written, meetings would be held, policies would be framed, upon the horrible fact that I was a wealthy man. If, in the ordinary course of making and marketing bread, it became necessary, owing to a rise in railway rates, to raise the price the world would howl at the "greed of the Bread Trust."

Profit, if separated into its constit-





“Remember  
**WHEN YOU NEVER  
 COULD GET THEM**  
*fresh?*”

You know the condition of your product when it leaves your plant. But how well do you know its condition when it reaches the final consumer? Freshness is something that can no longer be left to chance. You cannot afford to have your product lose any of its qualities—after it is made, but before it is sold.

The problem of keeping products factory-fresh through the long channels of distribution is a problem we have been facing and solving for a score of years. And we have solved it, not by one type of container but by a number of types—and for many customers, large and small. Today, hundreds of products are finding a ready market because American Can Company engineering and research have bridged the gap between the plant and the consumer's home.

A good product, suitably contained, is the basis of many a great business. The last word in container making is never said—but the *latest* word is heard through Canco by any customer, large or small, who welcomes it.



**AMERICAN  
 CAN COMPANY**

230 PARK AVENUE  
 NEW YORK CITY





Fuel savings of users aggregate millions of dollars annually.

# IRON FIREMAN WINS

**because it delivers more heat units per dollar!**



The naked truth about fuel costs is that nearly everywhere you get more B.T.U.'s (heat units) per dollar from coal than from any other fuel.

Add to this basic fact the further fundamental that Iron Fireman burns the smaller sizes of coal, which cost less per ton than the same quality of coal costs in lump sizes, and you have a further differential which explains easily why Iron Fireman users obtain fuel cost reductions averaging better than 30 per cent in plants and large buildings and more than 40 per cent in residences. But the story of Iron Fireman economies and betterments has only begun. The steady, even flow of heat is a tremendous improvement over old methods. Smokeless stacks are another. Labor costs are greatly reduced over hand firing and increased little if any over other automatic fuels.

Any business man who wants to increase profits, reduce operating costs, or provide better heating in his home at less cost, should talk to an Iron Fireman engineer. This man is trained to accurately analyze a boiler or furnace operation and to make a clear comparative report on heating costs and heating efficiency *before* and *after* installing Iron Fireman. Write the factory or telephone your Iron Fireman dealer. Iron Fireman Manufacturing Company, Portland, Oregon; Cleveland, Ohio; Toronto, Canada.

## IRON FIREMAN Automatic Coal Burner

The machine that made coal an automatic fuel

Iron Fireman Mfg. Co., Cleveland, Ohio. Dept. N-2

- ☐ Send Literature.  
☐ I request a survey of my heating plant.  
☐ Residence ☐ Industrial

Name \_\_\_\_\_

Address \_\_\_\_\_

When writing please mention Nation's Business

uent elements, consists of three parts:

1. The earnings of management.
2. The interest of capital.
3. An insurance premium for the risk undertaken.

I have never yet heard a word of criticism levelled at any one of these when considered separately. But as soon as they are put together and called profits, we are told that we must produce "for use and not for profit."

Profits are, in the main, as small as they can be made. The largest profits are, as a rule, infinitesimal when considered in the only way in which a profit should be considered—as a percentage on price. The most superficial examination will show that this must be so. The first object of the serious business man is to make and keep a customer, to build up a trade. He can achieve this only by giving the customer the maximum satisfaction. If a shop-keeper can set a price which represents a narrow margin of recurring profit, he is infinitely better off than if he has to be searching always for a new customer out of whom he can squeeze an unreasonable profit, well knowing that in doing so he is closing another account. Profits, therefore, will always be, in a free market, calculated on the lowest scale consistent with safety.

### Investments of idle rich

PROFITS are made not only by people who undertake the work and responsibility of organizing production, but by others who, being mere owners of money, invest it in various ways and live upon the interest or dividends. The real justification for the idle rich lies in the fact that none of us would save if we had not a hope of ourselves becoming some day, and to some extent, independent, and we should all die if we did not save.

Returning, however, to my main question, there are much weightier reasons why the factors of profit and loss must always remain in a successful industrial system, and why they should always be left in private hands. Commerce and industry are exchange; we all live by exchanging our goods and services for the goods and services of others. The profit or loss is the test by which the mutual benefits of the operation of exchange may be judged. If your goods are acceptable, or your services useful, you will receive a profit. If, on the other hand, your fellow-creatures decide that they do not want your services, then you will lose. The profit-making system is the only one

## ENGLAND SENDS HER PRAISES TO AMERICA

### Britisher Calls American Firm "Benefactors to Human Race"

The Englishman is everywhere acknowledged to be a keen judge of fine tobacco. Little wonder, then, that the makers of Edgeworth Smoking Tobacco, right down in our own Richmond, Virginia, are proud of this tribute to their product from Mr. W. J. Russell of Newton College, Devon, England.

Newton College  
 Newton Abbot  
 Devon, England  
 Nov. 20, 1931

Larus & Brother Company  
 Richmond, Virginia, U. S. A.

Gentlemen:

I have just purchased and begun to smoke some of your Edgeworth Plug Slice. How long it has been possible to obtain this delectable tobacco in this country I do not know, but I am so delighted at having discovered it that I want to record my appreciation of it and of the firm that produces it. I had not realized that a tobacco so superior to any other was obtainable. The discovery has pleased me so much that I am constrained to write to you, whom I regard as benefactors to all pipe-smoking members of the human race.

Please accept, gentlemen, my sincerest thanks,

Yours faithfully,  
 W. J. Russell

Edgeworth has found its way into most of the countries of the world. It is nearer the truth to say that pipe smokers of foreign nations have "discovered" Edgeworth. To literally millions of men Edgeworth has been the happy ending to the quest for real smoking satisfaction. If you are not contented with your tobacco, try Edgeworth.

In his letter, Mr. Russell states that he, like many experienced pipe smokers who prefer to "rub up" their own tobacco, smokes Edgeworth Plug Slice. This is the form in which Edgeworth originally appeared, but it is also available as Edgeworth Ready-Rubbed, all ready for your pipe. Both Edgeworth Ready-Rubbed and Edgeworth Plug Slice come in all sizes from the 15-cent pocket package to the pound humidor tin.

If you have never smoked a pipe, and would like to know its joys and to "understand" the Edgeworth flavor, send your name and address to Larus & Brother Co., 119 S. 22d St., Richmond, Va., and they will send you a free trial packet of Edgeworth.

Don't miss Edgeworth's weekly radio treat! Every Thursday evening at eight o'clock, Eastern Daylight Time. Edgeworth offers for your entertainment a novel program without a dull moment. The Program is broadcast over a network of radio stations of the National Broadcasting Company. Make a mental note *right now* to tune in on the Edgeworth program Thursday evening.



When writing please mention Nation's Business



under which the consumer can be perfectly sure of obtaining the article he wants—any other scheme can only mean that he will have forced upon him the article which somebody else thinks he ought to want. The individualistic system is also the only system under which the consumer can ever stand a chance. We can make no money unless we can persuade others to accept our services at the value that we and they jointly place upon them.

We are asked to become indignant over the question of incentive. We are told that the ideal man would "produce for use and not for profit." We are asked to believe that the desire for profit is a base instinct; that it demoralizes; that it is not worthy. This argument always leaves me cold for two reasons. First, however much a man may want to make money, he is, under the profit system, altogether powerless to get hold of a single penny until he is willing to render some acceptable service to others at a price they will pay.

### Good business helps all

SECOND, considering only the welfare of society as a whole, the important thing is that goods should be made and sold, that employment should be found, that the maximum activity should be maintained. If these blessings are obtained the motive or incentive of the man who makes them possible is immaterial. Every time he initiates a business transaction he does two things. First, he tends to raise the rate of wages by adding to the demand for labor; and second, he tends to reduce prices to the consumer by adding to the available supply of commodities. These two direct effects of his operation are so important, so necessary, so entirely beneficial, as to render a discussion of his motives not only irrelevant but unwise. Whatever his motives, he cannot succeed unless his actions result in benefit to the community.

The objection to profit has its roots in the fallacy that one man's gain is another man's loss. This mistake is connected with the theory that wealth is a fixed quantity which must be equally divided among us. If it can be shown that the making of a profit means more profit all round, that the creation of a piece of wealth is simply a step toward the creation of much more wealth, the error of the argument against profit becomes apparent.

(This article is the third of a series. The fourth will appear in an early issue.)

## BE THANKFUL THEY ARE GRADUATING IN A TOUGH YEAR!



A GROUP of men who had finished school in the panic year of 1907 met at a class reunion in the boom year 1929. They were all men whose names make front-page news.

One thought kept recurring in their conversation. They were eternally thankful that they HAD graduated in a year when jobs were few and dollars were tight. They pitied the fellows who had missed the moulding lessons of their early struggles by graduating into a too soft and ready world!

So do not be too greatly distressed. Be rather relieved that the 1932 graduate hits life exactly when he does.

And then give him—or her—this solid bit of encouragement. Give a HAMILTON.

The prices of Hamiltons have been re-

duced to meet 1932 requirements. It is one bit of honest value in these years when so few things seem to stay put. It will tell him the *exact* time—and nothing but the exact time—whenever he looks at it.

It will give your boy or your girl the rightful pride that comes from owning any masterpiece. And there are cold, hard business men who even claim that the unerring accuracy of a Hamilton will lend something of its regularity to the mind and habits of its wearer!

★ ★ ★

Christopher Morley, the distinguished novelist and essayist, has written a fascinating little story, "When We Speak of a Tenth . . ." This tells, far better than we ever could, just how we try to make every Hamilton perfect. Let us send you this poet's-eye view of Hamilton. Address Hamilton Watch Company, 347 Race Ave., Lancaster, Pennsylvania.

**HAMILTON**  
*the Watch of Railroad Accuracy*

Watches pictured, from left to right: (Hamilton Watch prices have been reduced to meet 1932 requirements.) NEWCOMB, 17 jewels, 14k filled gold, natural yellow or white, with black silk

cord, \$55. MT. VERNON, 17 jewels, 14k filled gold, natural yellow or white, \$50. RONDEAU, 17 jewels, 14k gold, natural yellow or white, \$65. WELLESLEY, 17 jewels, 14k filled gold, natural yellow

or white, \$55. STEVENS, 19 jewels, \$62; 21 jewels, \$92; 23 jewels, \$112. 14k filled gold, natural yellow or white. Other Hamiltons, for both men and women, from \$45 to \$500.

When writing to HAMILTON WATCH CO. please mention Nation's Business





*A Service Institution*

Route of

## The SCENIC LIMITED

The scenic route to the west. From St. Louis and Kansas City to Colorado, thru the Royal Gorge, Salt Lake City, Feather River Canyon to San Francisco. Leaves St. Louis 2:02 pm — Kansas City 9:35 pm daily.

## The SUNSHINE SPECIAL

The sunshine route to the southwest. From St. Louis and Memphis thru the great southwest—Texas, (stopover at El Paso for visit to Carlsbad Cavern and Juarez, Mexico—just across the border), New Mexico and Arizona to California. Leaves St. Louis 6:30 pm — Memphis 11:05 pm daily.

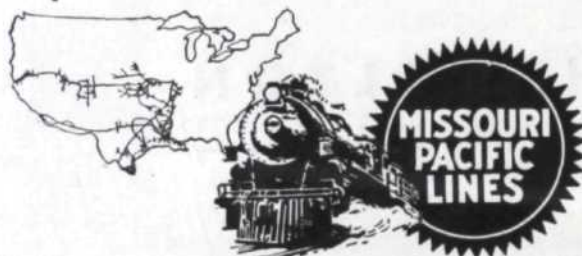
*Use These Diverse Routes*  
enroute to and from the  
**ANNUAL CONVENTION**  
**U. S. CHAMBER of COMMERCE**

**San Francisco**

**May 18-20, 1932**

*Further  
Information  
from*

**P. J. NEFF**  
Asst. Vice-Pres.  
St. Louis, Mo.



*"A SERVICE INSTITUTION"*

**Dependable Freight and Passenger Service**

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*"The newspaper is an institution developed by modern civilization to present the news of the day, to foster commerce and industry, to inform and mold public opinion, and to furnish that check upon government which no constitution has ever been able to provide."*

The creed of the Chicago Tribune appearing daily at its masthead



IN ORDER to prosper there is no great call for a newspaper to go beyond presenting the news—promptly, accurately and entertainingly.

But for the Chicago Tribune this news requirement has been merely a starting point—a small part of its purpose. Born 85 years ago in storm, nurtured in strife, growing up with a raw, pioneer town it soon became more than a mere newspaper—a GREAT newspaper.

Chicago and the Tribune have grown big together. They are inseparable in purpose and ambition. The public has learned to rely on the Tribune "to foster commerce and industry, to inform and mold public opinion

and to furnish a check upon government. . . ."

Because of the Tribune's commanding position in public confidence it has produced more outstanding advertising successes than any other Chicago newspaper. It dominates in circulation—150,000 more in Chicago and suburbs, 238,000 more in the entire Chicago area, than any other paper.

Statistical yardsticks prove the Tribune's power and performance as an advertising medium. But over and beyond that statistically proved supremacy stands the inescapable fact that the Tribune is the voice of Chicago. Which is why advertisers say:

**"if you're not in the TRIBUNE you're *not* in CHICAGO"**

CHICAGO, TRIBUNE SQUARE • NEW YORK, 220 EAST 42ND ST. • BOSTON, 718 CHAMBER OF COMMERCE BLDG.  
ATLANTA, 1825 RHODES-HAVERTY BLDG. • SAN FRANCISCO, KOHL BLDG.



# IT'S A FACT

## THE NEW 3 TON

# FEDERAL

## SIX WHEELER

# \$1050

IS ONLY

*4-cylinder single drive \$1050; 4-cylinder dual drive \$1350; 6-cylinder single drive \$1150; 6-cylinder dual drive \$1450; chassis f. o. b. Detroit*

Here's a new standard for truck buyers—a big, powerful 3-ton truck at the price of most 1½-ton jobs. It's a real buy. Most other 3-ton trucks sell for more than double the money. There's no other six-wheeler like it. Engineered and built by Federal—it's ALL-TRUCK throughout. Has many patented and exclusive features never before available in a truck of this price, including large hydraulic brakes on all six wheels and double rear springs. Let a Federal dealer show you how you can cut your haulage costs in half with this new six-wheeler.

Write for interesting booklet proving the advantages of this Federal six-wheeler

## THE NEW 1½ TON FEDERAL AT \$695

## IS ALSO FAR AHEAD IN VALUE

*Standard 130' W. B. Chassis F. O. B. Detroit, 4-Cylinder Chassis furnished at lower price of \$670*

Chassis weight 3225 pounds, and every pound correctly distributed. This means long-lived, economical performance. Features include 72 H.P. motor—full-floating rear axle—4-wheel hydraulic brakes—a real

truck from end to end. Every part a truck part, built for truck service only. Other Federal models up to 7½-tons just as outstanding in value. Investigate Federal before deciding on any truck equipment purchase.

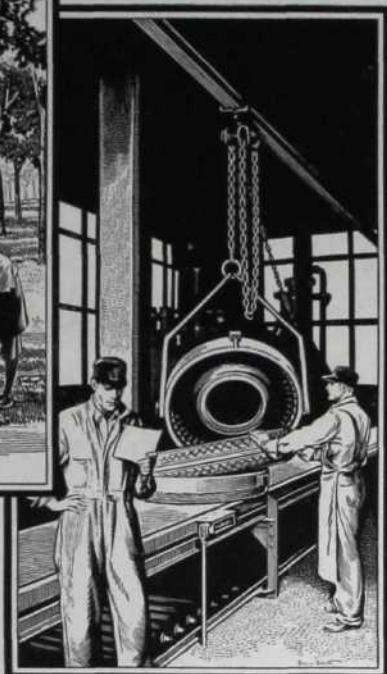
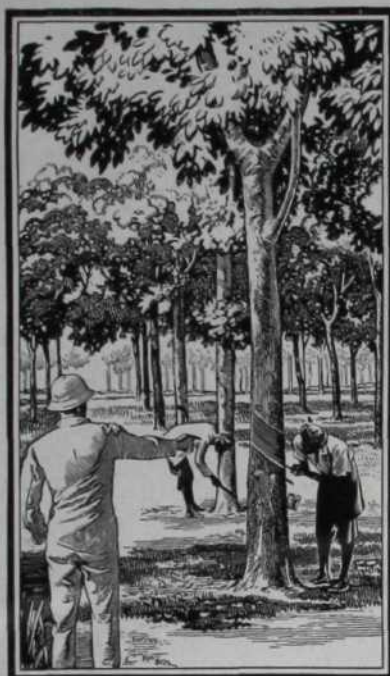
# FEDERAL MOTOR TRUCK CO. DETROIT MICH.

*When visiting a FEDERAL TRUCK dealer please mention Nation's Business*



# THESE 2 LARGE RUBBER COMPANIES

handle important matters in  
*minutes* instead of hours or days



PRIVATE LINE Teletypewriter Service—typing by wire—helps two of the country's prominent rubber manufacturers to speed operations, cut distribution and production costs.

The B. F. Goodrich Rubber Company uses it to connect its general offices and main factory in Akron with New York and Chicago branches. Messages from Akron for thousands of national and foreign markets are sent by Teletypewriter to New York or Chicago and then relayed to their destinations.

"This modern service permits transaction of business to a conclusion within a few minutes," says an official, "where previously several days or weeks were necessary." Economies in some operations, made possible by Teletypewriter Service, are estimated as high as 40 per cent.

*Private line Teletypewriter Service makes possible close executive control of separated units of an organization.*

The Kelly-Springfield Tire Company links its general offices in New York with the Cumberland, Md., factory. The service is used by practically all departments: production, traffic, sales, accounting, export, import and executive. An officer says: "It gives us systematic control of all operations."

Teletypewriters provide a steady flow of typewritten messages between separated units of an organization, whether 300 feet or 3000 miles apart. As many offices as desired may be connected on a private line Teletypewriter circuit. Your local Bell Telephone Business Office will gladly give you full details.



**T E L E T Y P E W R I T E R   S E R V I C E**



*"I'll stand  
by it!"*



**"I'll stand by tobacco . . .  
in good times, in hard times . . .  
all kind of times . . . it helps a whole lot!"**

**"I** grew up with tobacco. And I never got anything but *good* from it! But that goes for every smoker I ever heard about.

"Why, I remember as a boy, way back, how the old folks in the fall used to pick and cure tobacco from a little patch they'd raised, and save out the best for their own smoking.

"They'd certainly appreciate what we get today, though. These Chesterfields now. Fine tobaccos from all over the world, and cured and blended just so; there



isn't anything purer or milder.● Cleanest factories you ever saw, too—everything up to date.

"But what I started out to say was, you can *always* depend on tobacco. No matter how things are going. It means so much to so many people, and costs so little!...Yes, sir—I'll stand up for tobacco as long as I can strike a match!"

• • •  
**"MUSIC THAT SATISFIES"**

Mondays and Thursdays, Boswell Sisters.  
Tuesdays and Fridays, Alex Gray. Wed-  
nesdays and Saturdays, Ruth Etting.  
Shilkret's Orchestra, every night except  
Sunday. Columbia Network.

● NOTE. In the sections where tobacco grows and where people know tobacco, Chesterfield is usually the largest-selling cigarette.